

2018 ANNUAL RESULTS PRESENTATION

15 March 2019



HEALTHIER, LONGER,
BETTER LIVES

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Agenda

01

HIGHLIGHTS

Ng Keng Hooi, Group Chief Executive

02

FINANCIAL RESULTS

Garth Jones, Group Chief Financial Officer

03

MARKET REVIEWS

Jacky Chan, Regional Chief Executive
Bill Lisle, Regional Chief Executive
John Cai, Regional Chief Executive

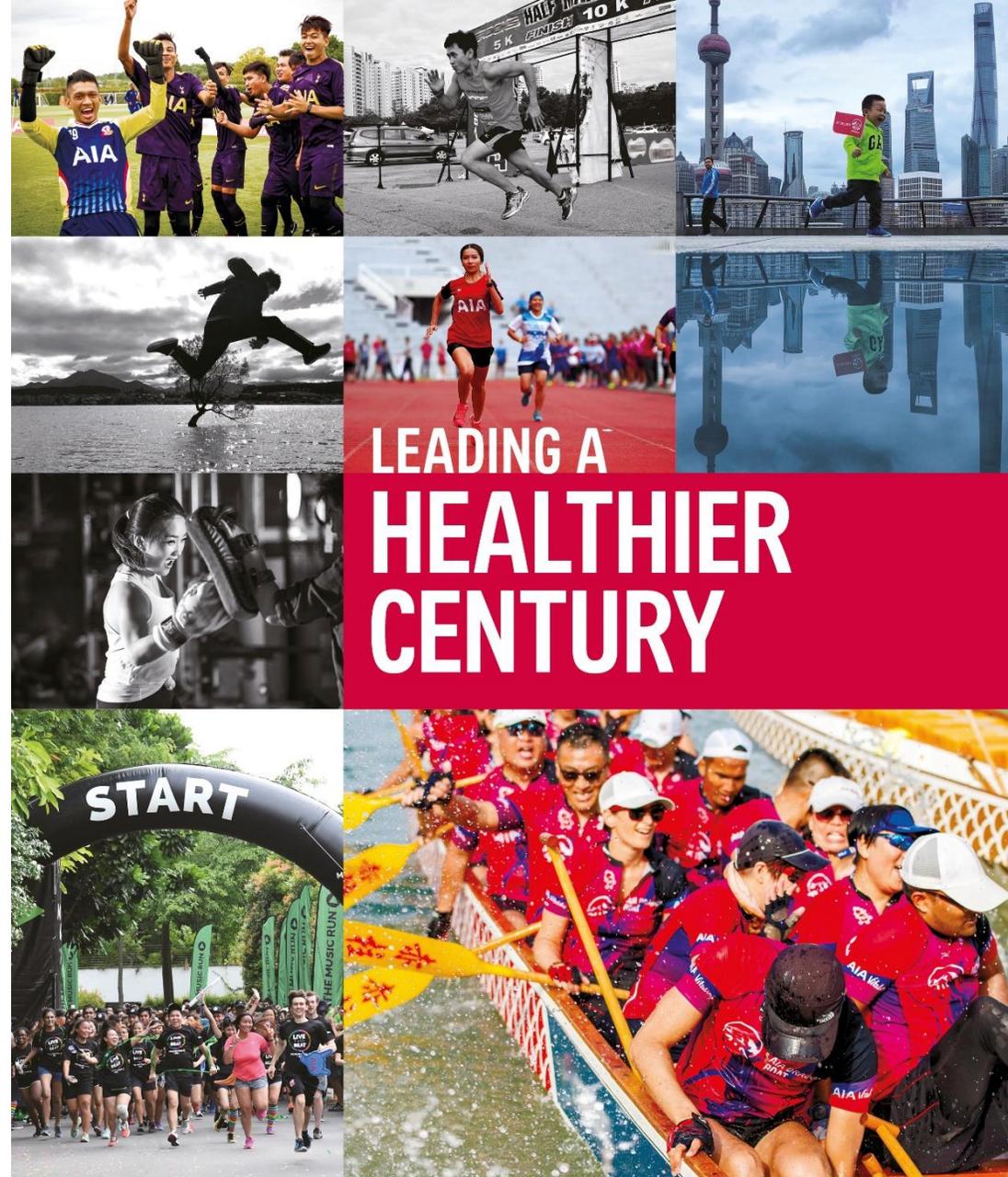
04

STRATEGIC PRIORITIES

Ng Keng Hooi, Group Chief Executive

05

Q&A



Note:

Due to the change of the Company's financial year-end date from 30 November to 31 December and for the purpose of enhancing the comparability of financial information, the financial information in this presentation covers a twelve-month period from 1 January 2018 to 31 December 2018 for the current period and a twelve-month period from 1 January 2017 to 31 December 2017 for the prior period, unless otherwise stated. Balance sheet items are presented as at 31 December 2018 for the current period and 31 December 2017 for the prior period. The financial information from 2010 to 2016 is presented on the 30 November financial year-end basis.

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YEARS



HEALTHIER, LONGER,
BETTER LIVES

Value of New Business

\$3,955m

+22%

Operating Profit After Tax

\$5,298m

+13%

Total Dividend⁽¹⁾ Per Share for 2018

HK\$1.14

+14%

Special Dividend Per Share

9.50 HK cents



Ng Keng Hooi

Group Chief Executive

Note:

(1) Total dividend excluding special dividend

2018 Strong Delivery Across All Key Metrics



Growth

Value of New Business

\$3,955m

+22%

Earnings

Operating Profit After Tax

\$5,298m

+13%

Capital & Dividends

Underlying Free Surplus Gen

\$4,945m

+13%⁽¹⁾

EV Equity

\$56.2b

+\$3.8b

Operating ROE

14.5%

+40 bps

Dividend Per Share

Total Dividend⁽²⁾

HK\$1.14 **+14%**

Special Dividend

9.50 HK cents

Notes:

(1) On a comparable basis before a reduction of \$263m in 2018 relating to the subsidiarisation of AIA Korea

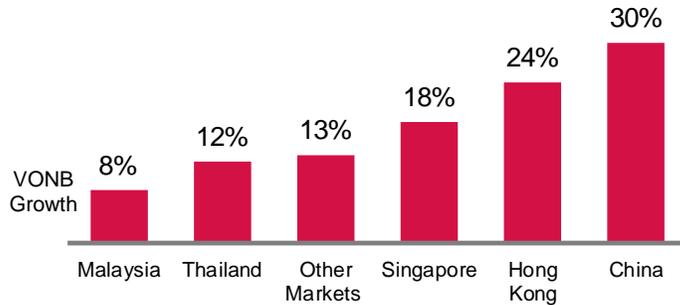
(2) Total dividend excluding special dividend

Delivering on our Key Priorities



Diversified Growth Portfolio

VONB and OPAT growth in all market segments



Premier Agency

72% Contribution to VONB
+26% Agency VONB



>10,000 Registered MDRT members, +22% YOY

Next-Gen Partnerships

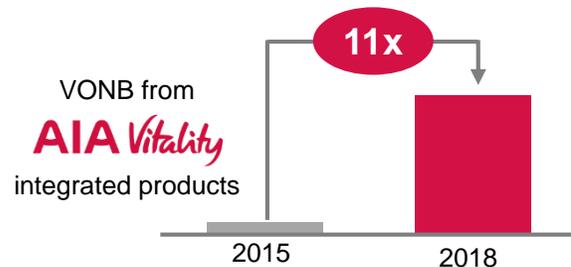
28% Contribution to VONB
+18% Bancassurance VONB

New partnerships activated in 2018



Health & Wellness

>1.2m Total wellness membership
+80% Membership



Digital Enablement

>90% New business digital submission
57% New business auto-underwritten



MyPage single customer portal in all major markets

iMO enhanced with iRecruit and iAcademy



China Operations

CBIRC's approval to set up sales and service centres in **Tianjin and Shijiazhuang, Hebei**

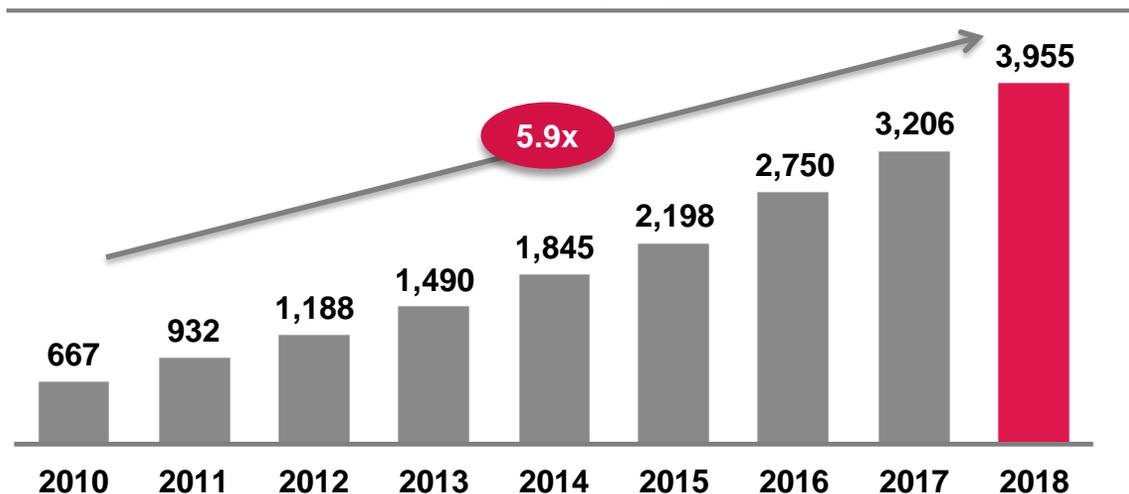


>20m Additional Population

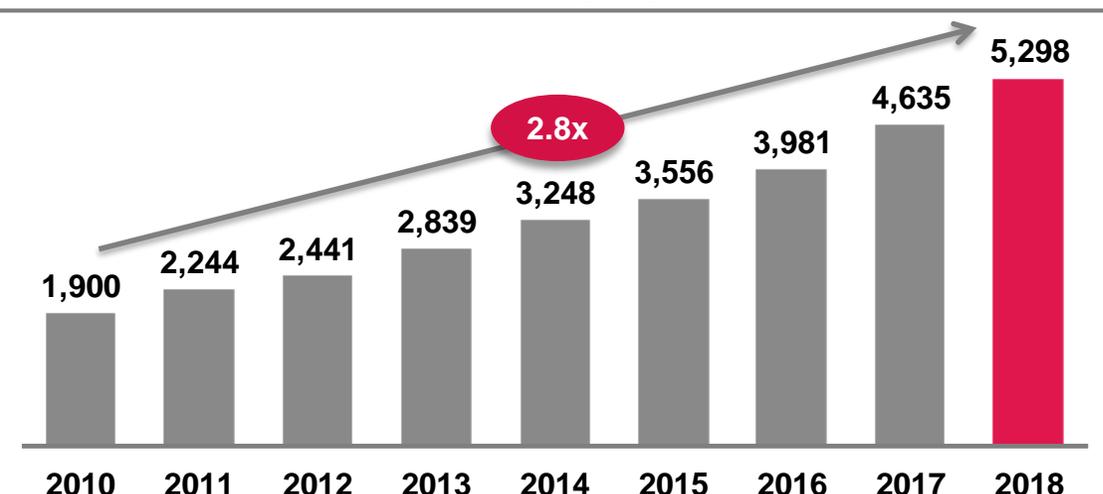
Consistent Execution Driving Growth, Earnings and Cash



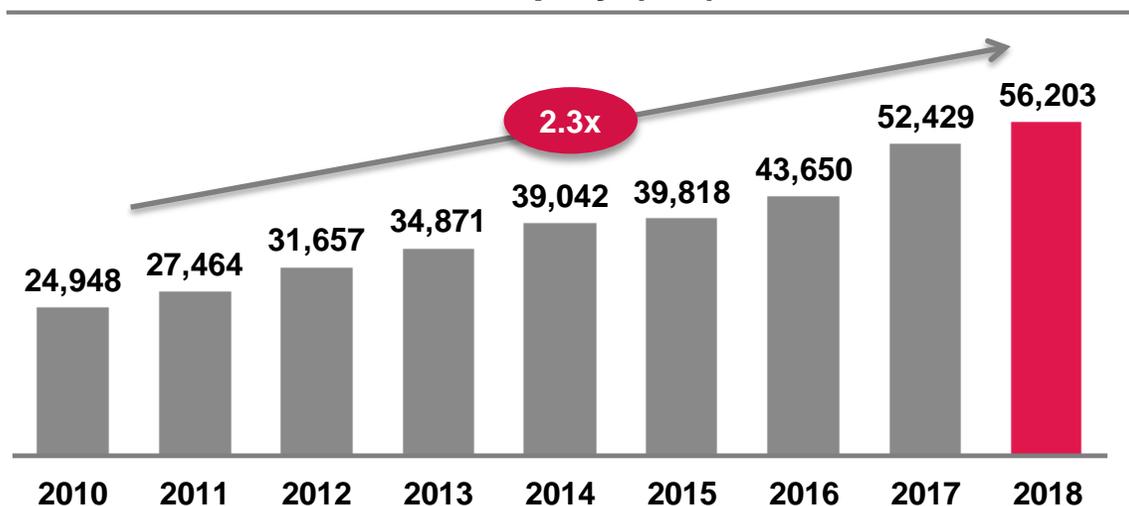
VONB (\$m)



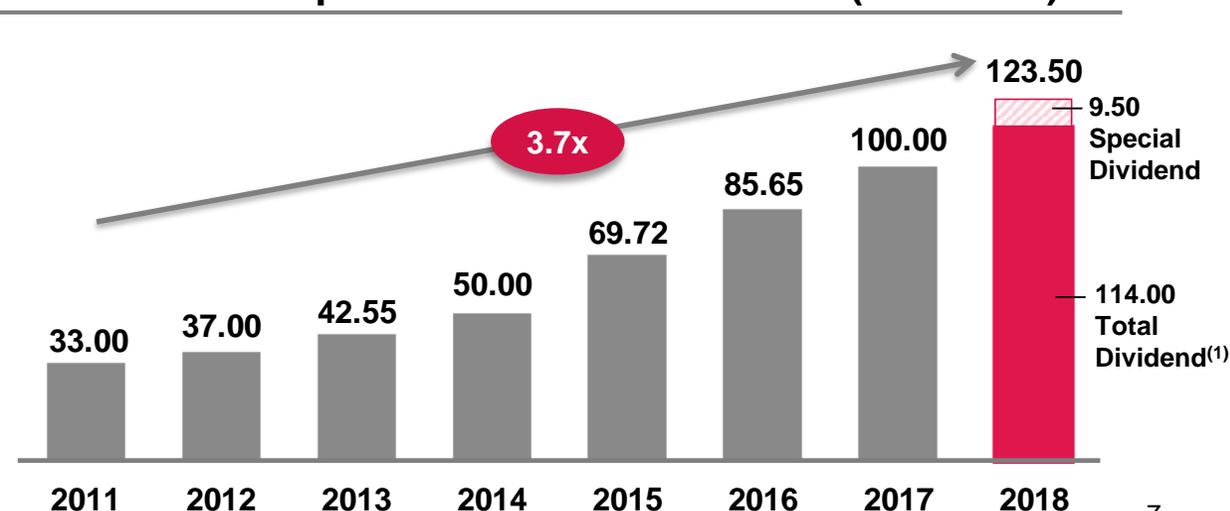
OPAT (\$m)



EV Equity (\$m)



Total⁽¹⁾ and Special Dividend Per Share (HK cents)



Note: (1) Total dividend excluding special dividend



Garth Jones
Group Chief Financial Officer

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Excellent Financial Results



		(\$m)	2018	2017	CER	AER	
Growth	VONB		3,955	3,206	22%	23%	↑
	EV Operating Profit		8,278	6,654	23%	24%	↑
	Operating ROEV		16.3%	15.5%	1.1 pps	0.8 pps	↑
	EV Equity		56,203	52,429	9%	7%	↑
Earnings	Operating Profit After Tax		5,298	4,635	13%	14%	↑
	Operating ROE		14.5%	14.0%	0.4 pps	0.5 pps	↑
	Shareholders' Allocated Equity		36,795	36,413	3%	1%	↑
Capital & Dividends	Underlying Free Surplus Generation ⁽¹⁾		4,945	4,568	13%	14%	↑
	AIA Co. HKIO Solvency Ratio		421%	446%	n/a	(25) pps	↓
	Total Dividend ⁽²⁾ Per Share (HK\$)		1.14	1.00	n/a	14%	↑
	Special Dividend Per Share (HK cents)		9.50	n/a	n/a	n/a	

Notes:

(1) Growth rates are calculated on a comparable basis before a reduction of \$263m in 2018 relating to the subsidiarisation of AIA Korea

(2) Total dividend excluding special dividend

Growth

Earnings

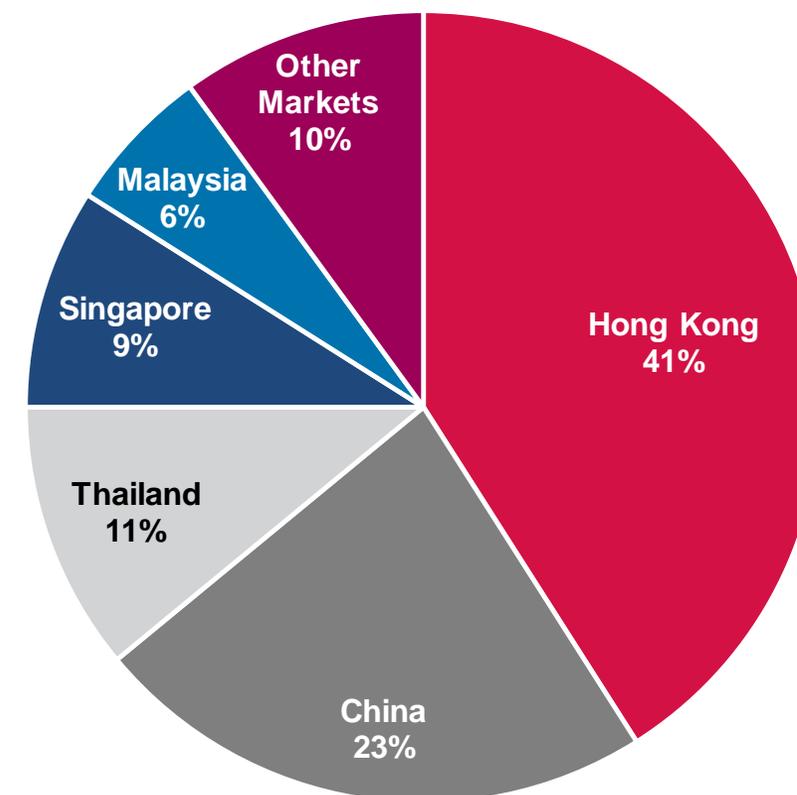
Capital and Dividends

Strong and Resilient Growth Portfolio



VONB (\$m)	2018	CER	AER	
Hong Kong	1,712	+24%	+24%	↑
China	965	+30%	+33%	↑
Thailand	447	+12%	+17%	↑
Singapore	357	+18%	+20%	↑
Malaysia	247	+8%	+15%	↑
Other Markets	435	+13%	+10%	↑
Group Total	3,955	+22%	+23%	↑

2018 VONB by Market Segment

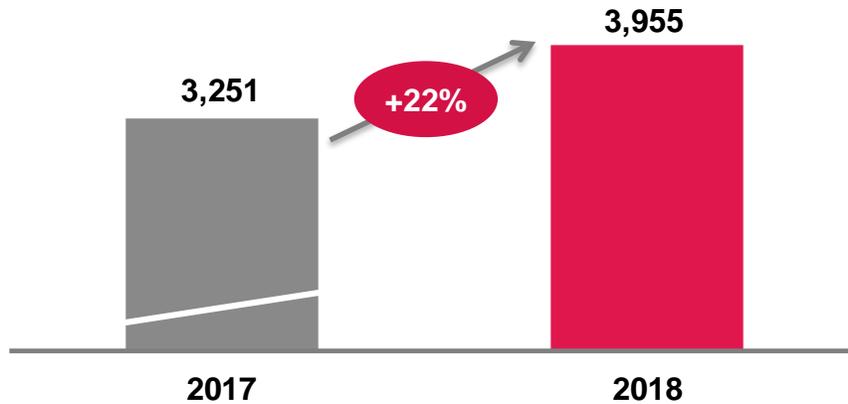


Note:
 VONB by market segment are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses and include pension business. Group VONB is after unallocated Group Office expenses and adjustment to reflect consolidated reserving and capital requirements; includes pension business and is shown before minorities.

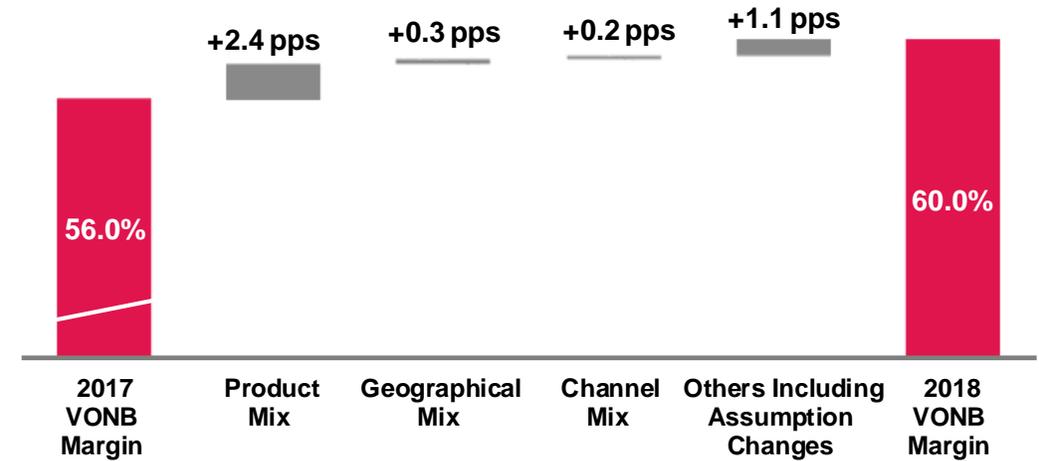
Strong and Broad-based Profitability



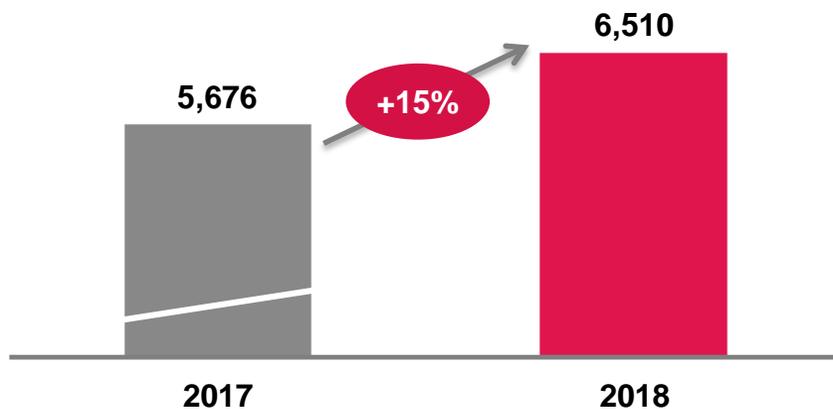
VONB (\$m)



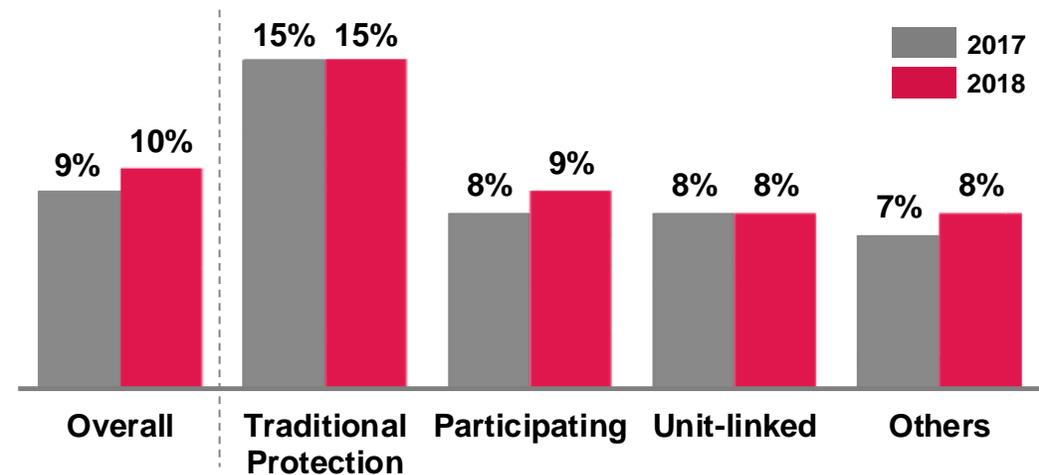
VONB Margin Movement



ANP (\$m)



PVNB Margin by Product

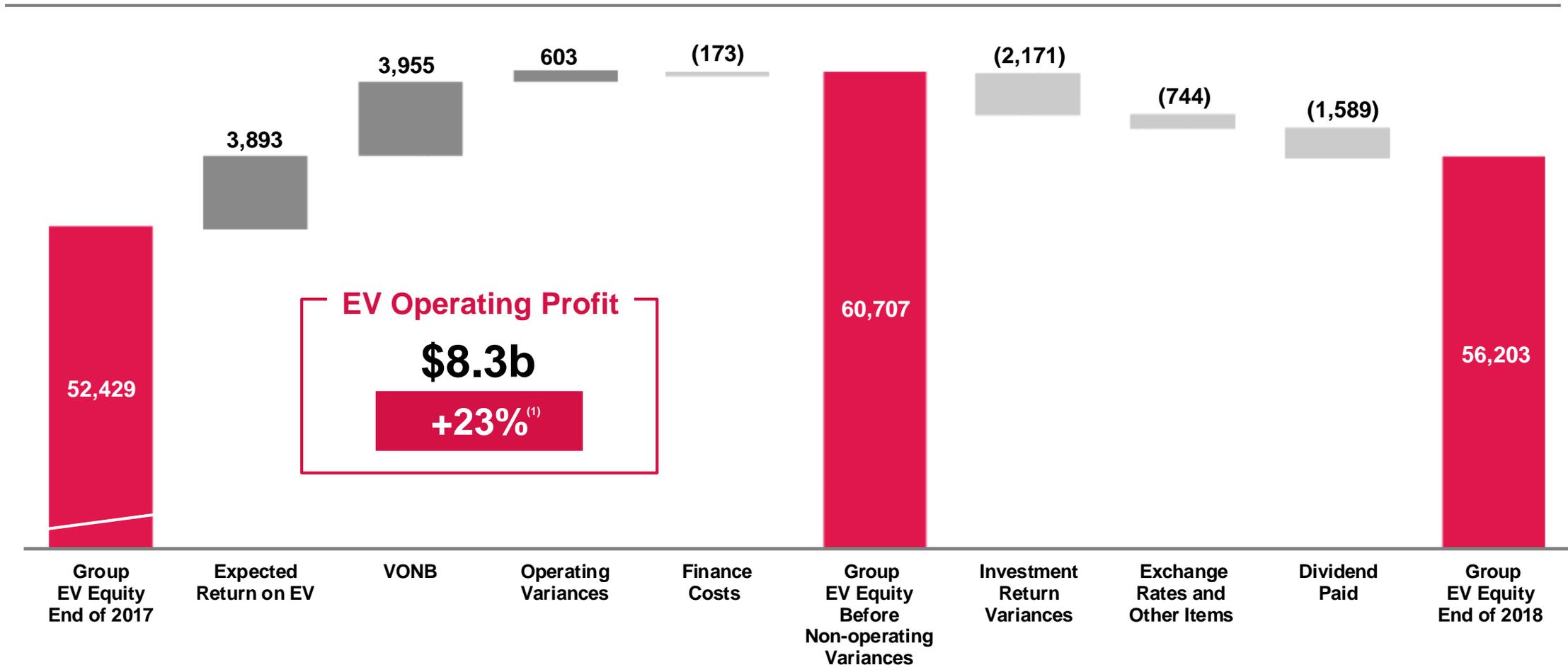


Note:
VONB and ANP comparatives are shown on a constant exchange rate basis

EV Operating Profit up 23% – EV Equity of \$56.2b



2018 EV Equity Movement (\$m)



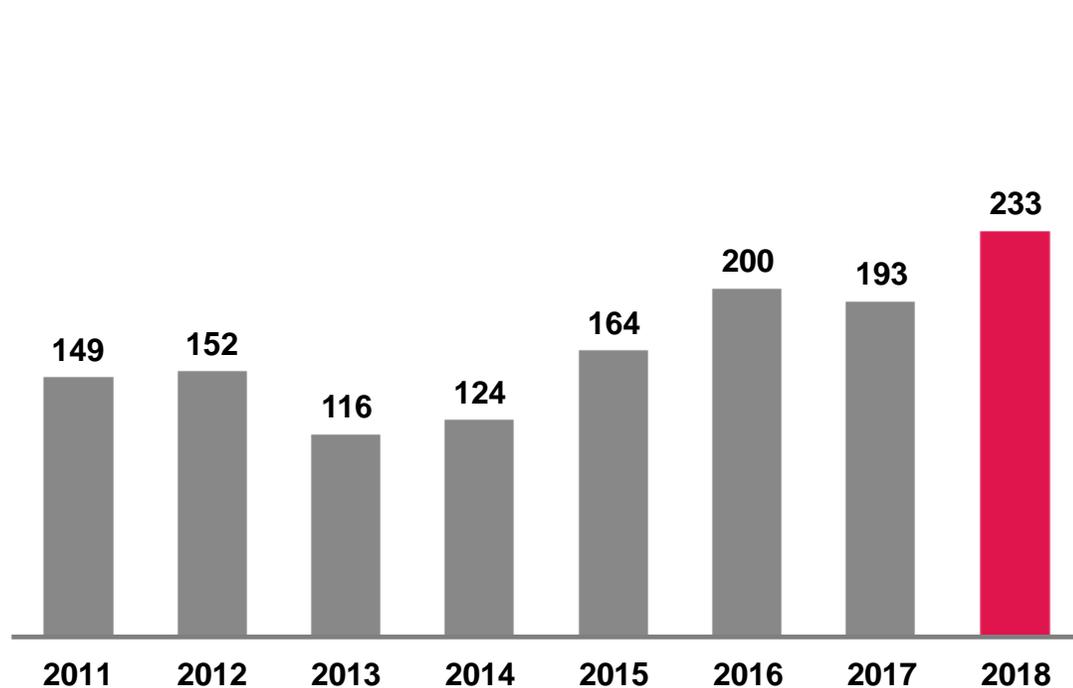
Note:

(1) On a constant exchange rate basis

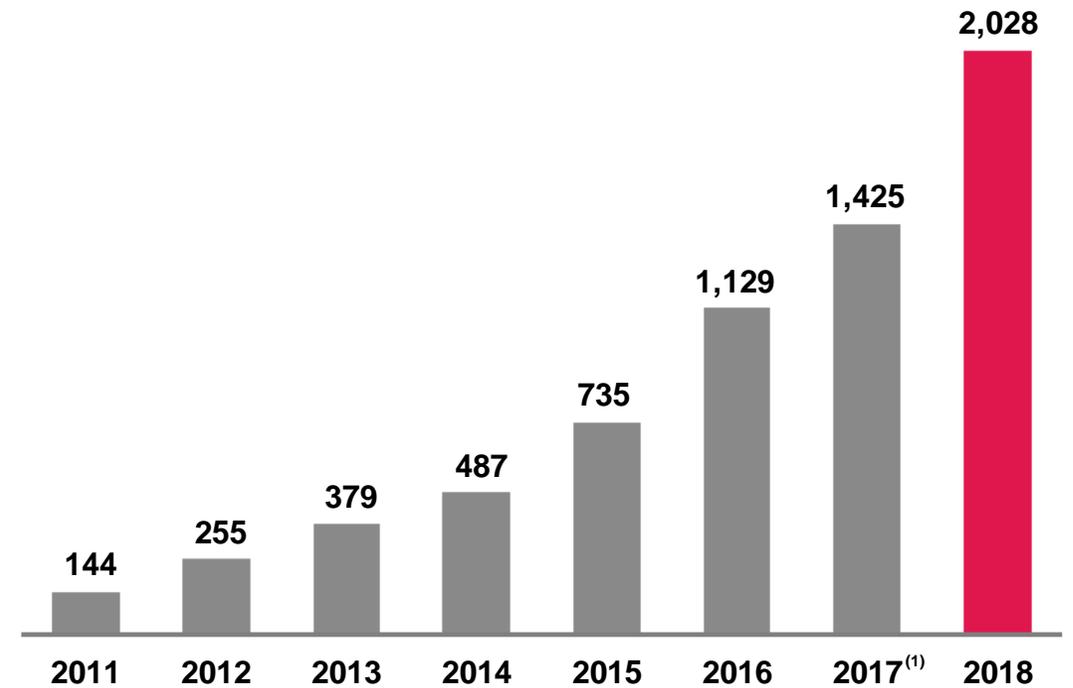
Value Creation from Quality Operating Performances



Mortality and Morbidity Claims Experience Variances (\$m)



Cumulative EV Operating Variances (\$m)



Note:

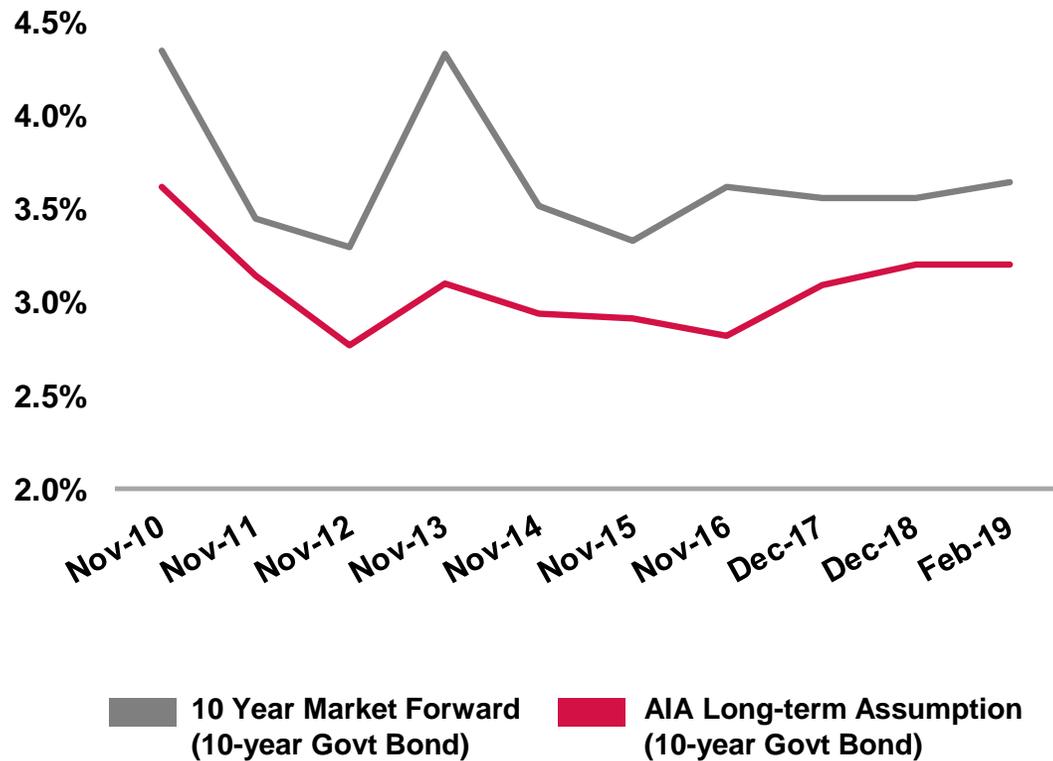
(1) 2017 figure covers a 13-month period from 1 December 2016 to 31 December 2017

Interest Rates and EV Sensitivity



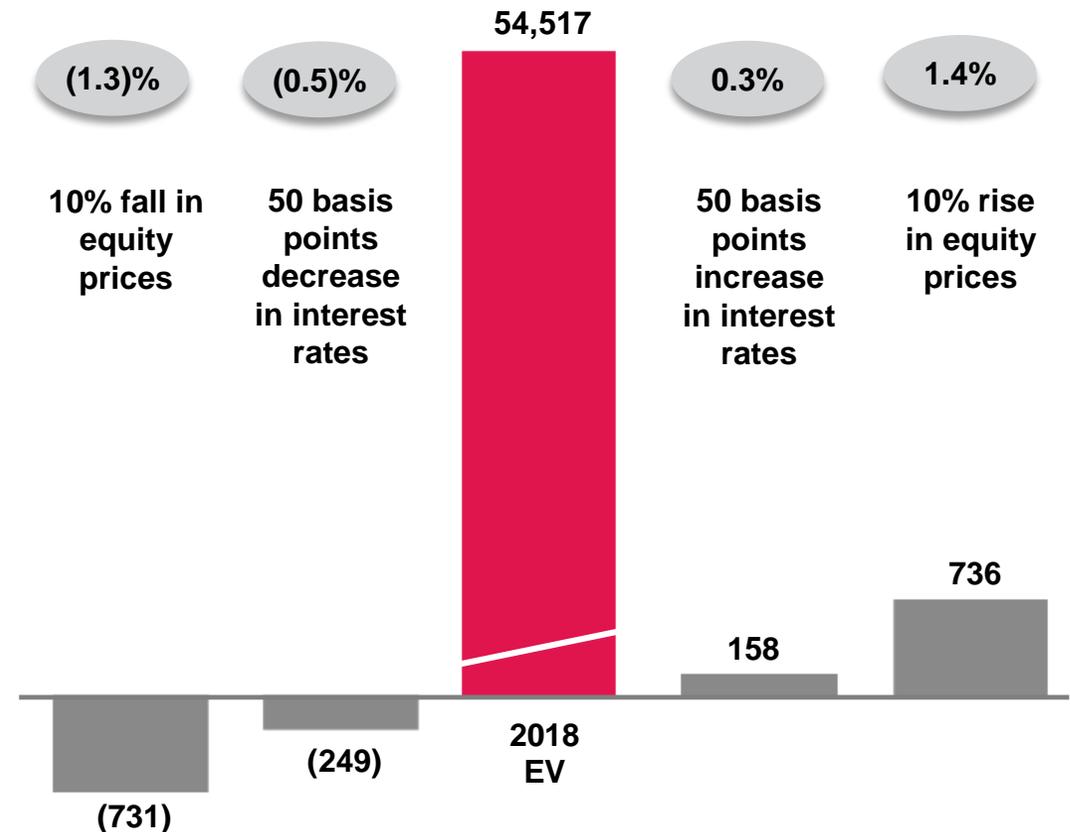
AIA Long-term Assumptions vs Market Rates

Weighted Average by Geography⁽¹⁾



Sensitivity of EV

As at 31 Dec 2018



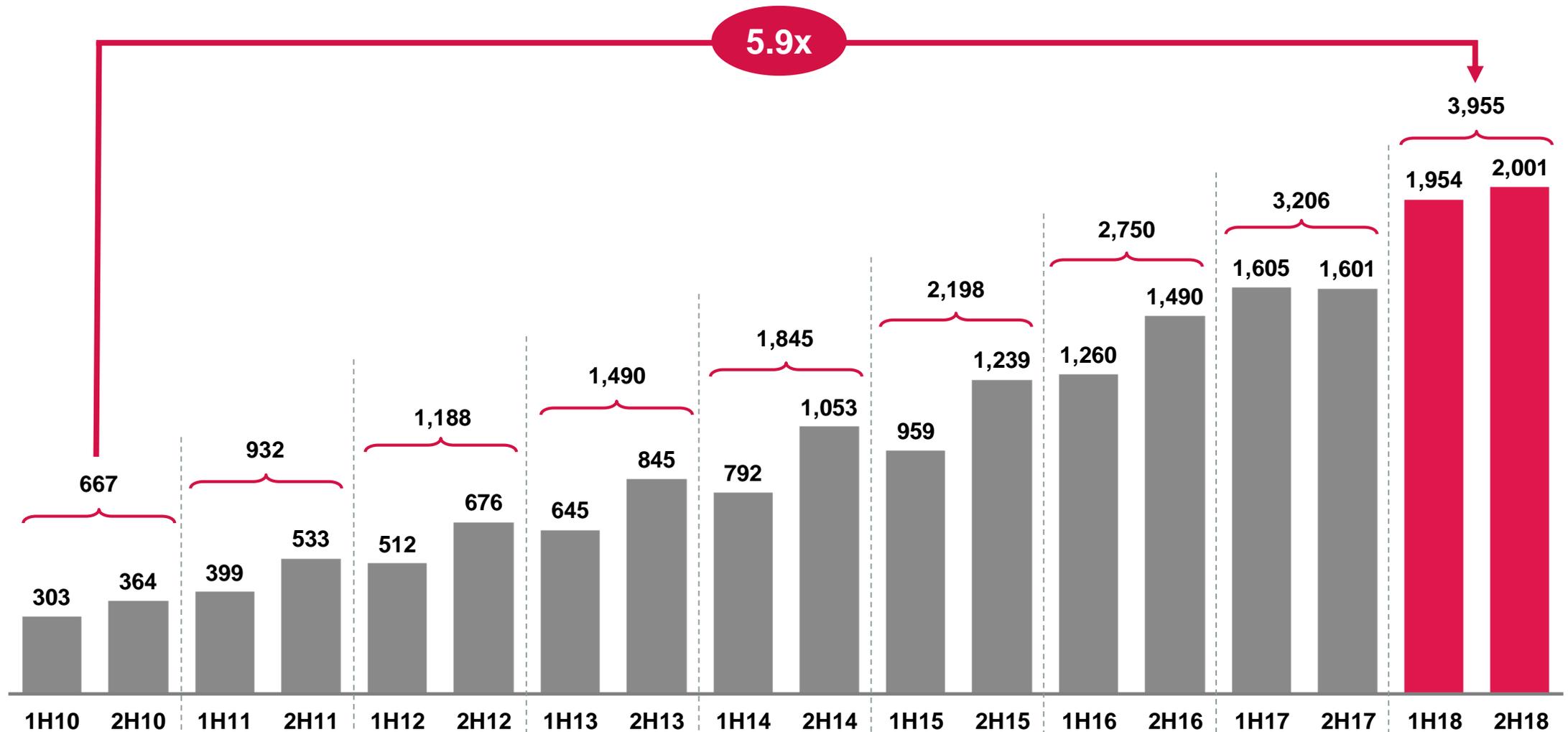
Note:

(1) Weighted average interest rates by VIF of Hong Kong, Thailand, Singapore, China and Malaysia

Strong and Sustained Growth Momentum



VONB (\$m)



Growth

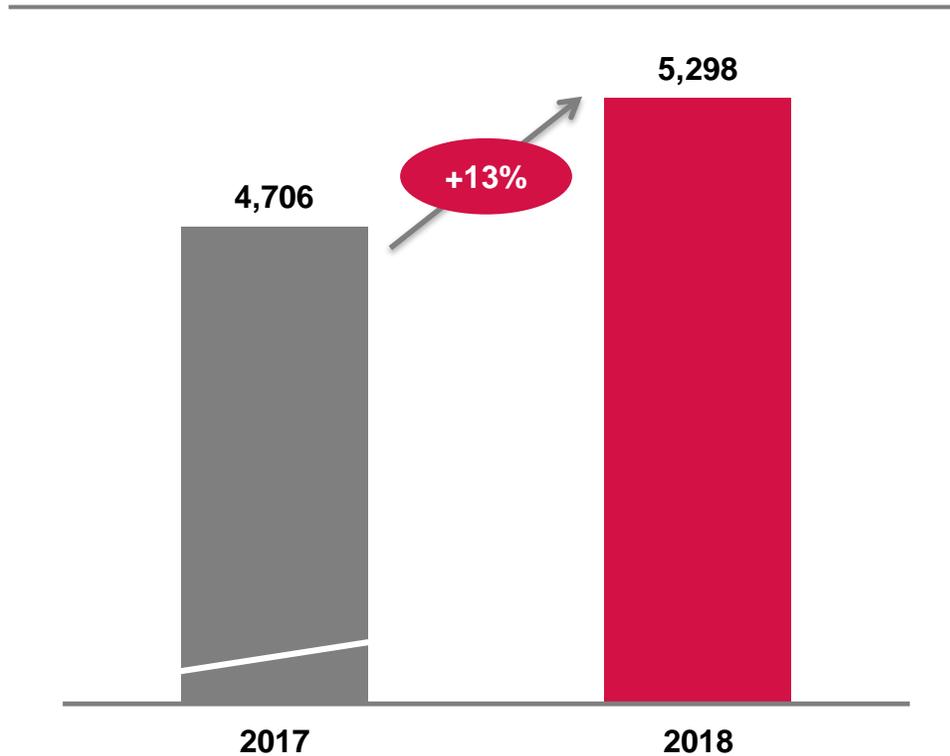
Earnings

Capital and Dividends

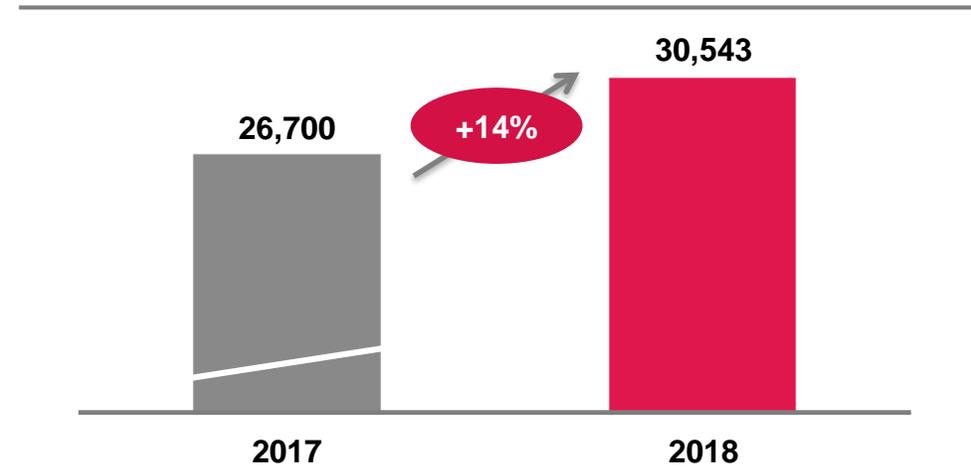
Operating Profit after Tax up 13%



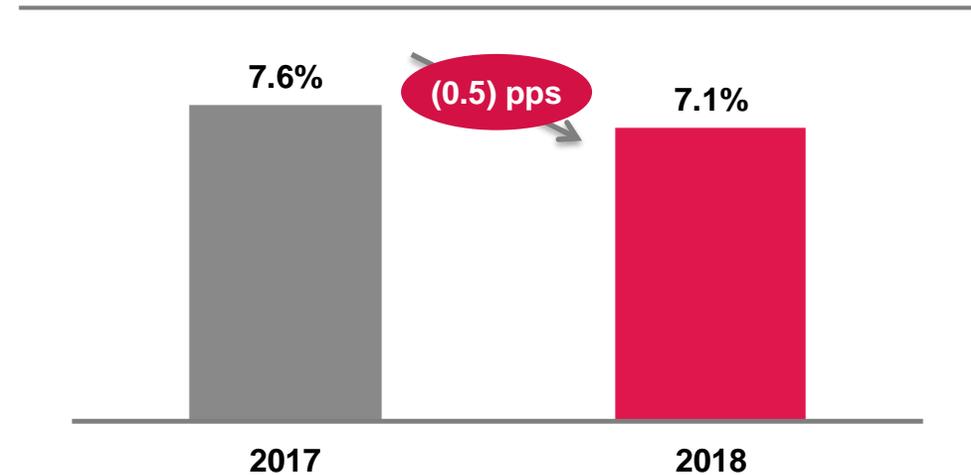
OPAT (\$m)



TWPI (\$m)



Expense Ratio



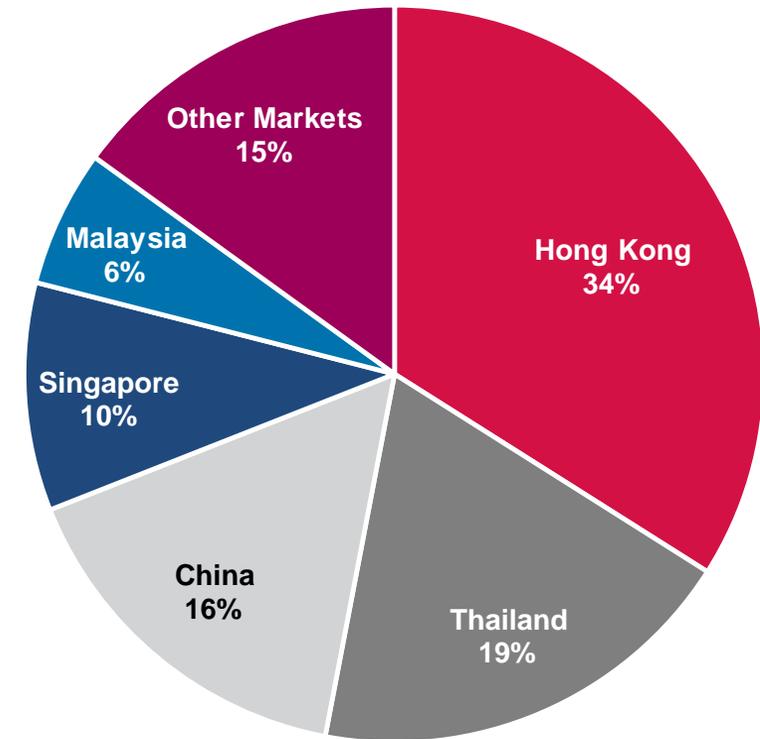
Note:
Comparatives are shown on a constant exchange rate basis

Diversified OPAT Growth Across the Region



OPAT (\$m)	2018	CER	AER	
Hong Kong	1,814	+11%	+11%	↑
Thailand	995	+9%	+15%	↑
China	870	+32%	+35%	↑
Singapore	558	+7%	+9%	↑
Malaysia	320	+9%	+17%	↑
Other Markets	826	+14%	+11%	↑
Group Total	5,298	+13%	+14%	↑

2018 OPAT by Market Segment

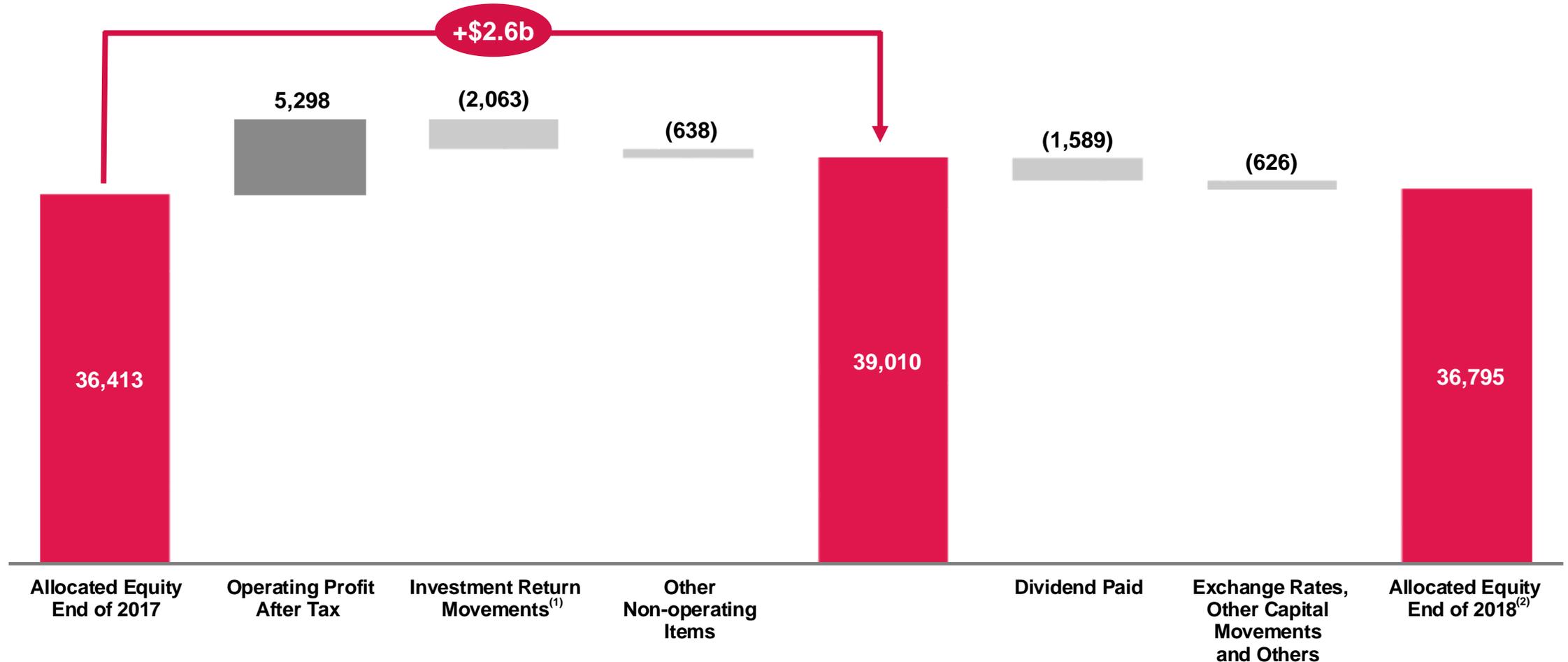


Note:
Group OPAT includes OPAT from Group Corporate Centre

IFRS Shareholders' Allocated Equity of \$36.8b



IFRS Shareholders' Allocated Equity Movement (\$m)

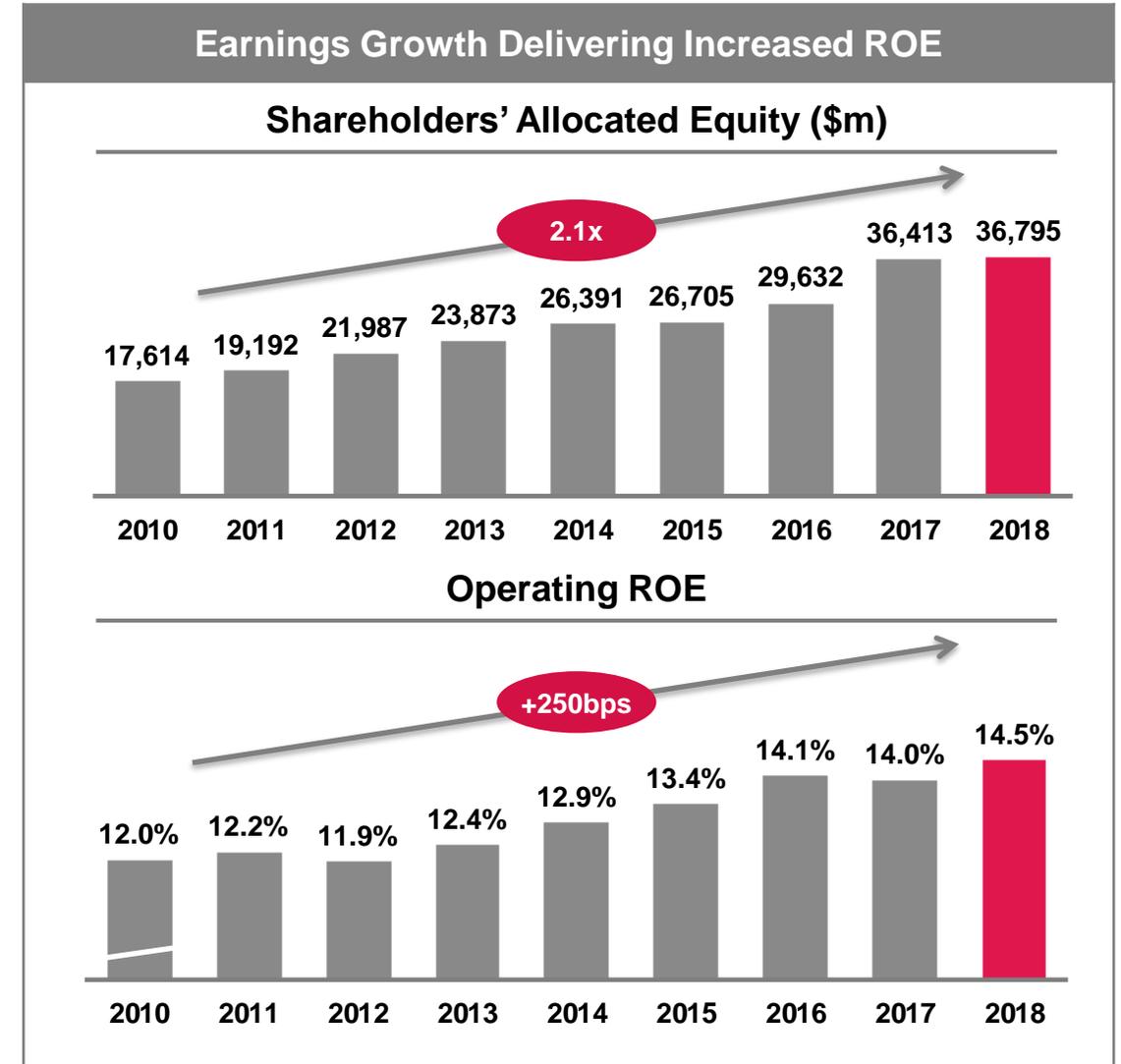
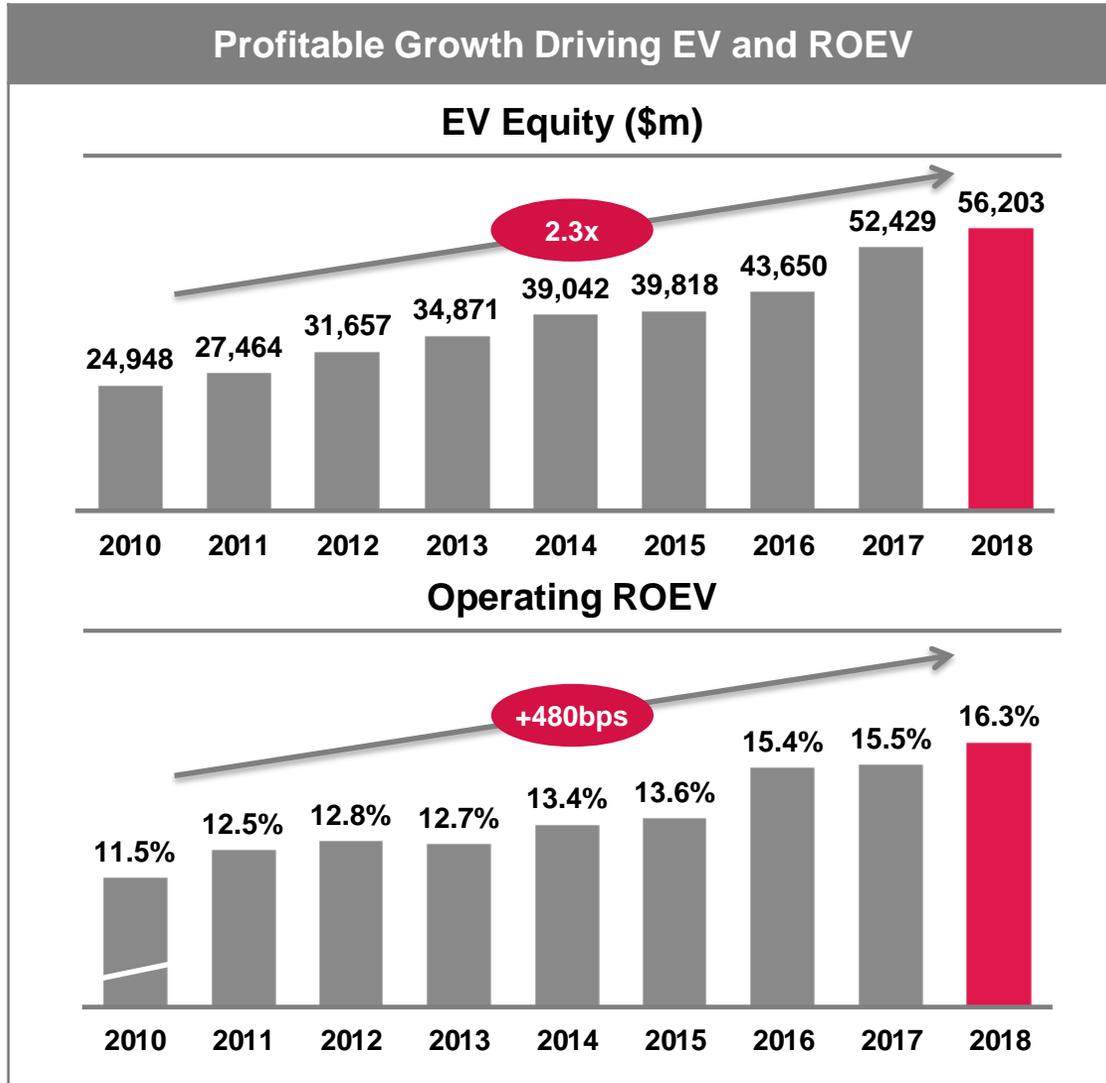


Notes:

(1) Short-term fluctuations in investment return related to equities and real estate, net of tax

(2) Shareholders' allocated equity is shown before fair value reserve of \$2.2b as at 31 December 2018

Strong ROEV and ROE Progression



Growth

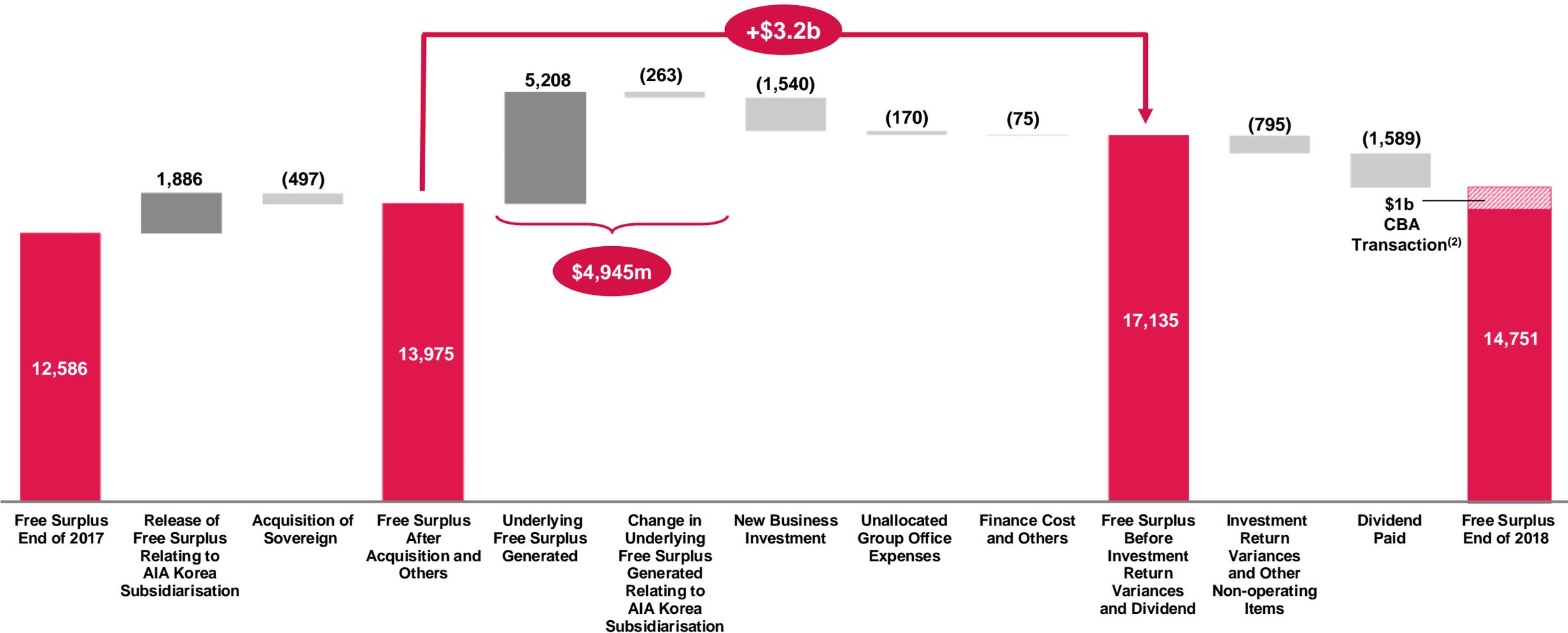
Earnings

Capital and Dividends

Self-financed Growth at Attractive Returns



Free Surplus⁽¹⁾ of \$14.8b (\$m)



Notes:

(1) Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and required capital

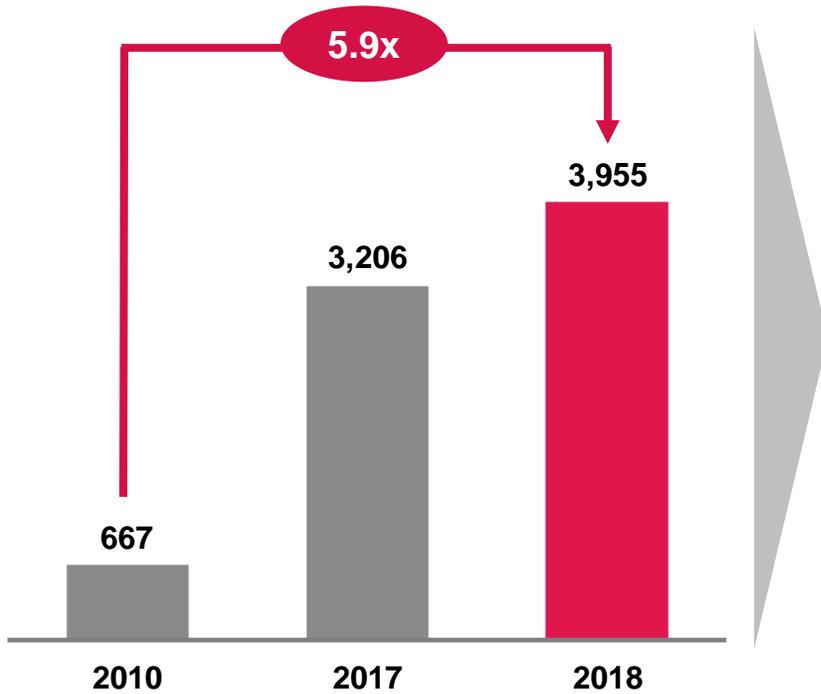
(2) On 2 July 2018, AIA completed the acquisition of Sovereign Assurance Company Limited in New Zealand while the acquisition of CommInsure Life in Australia remains in progress, subject to securing all necessary regulatory and governmental approvals

Disciplined Financial Management



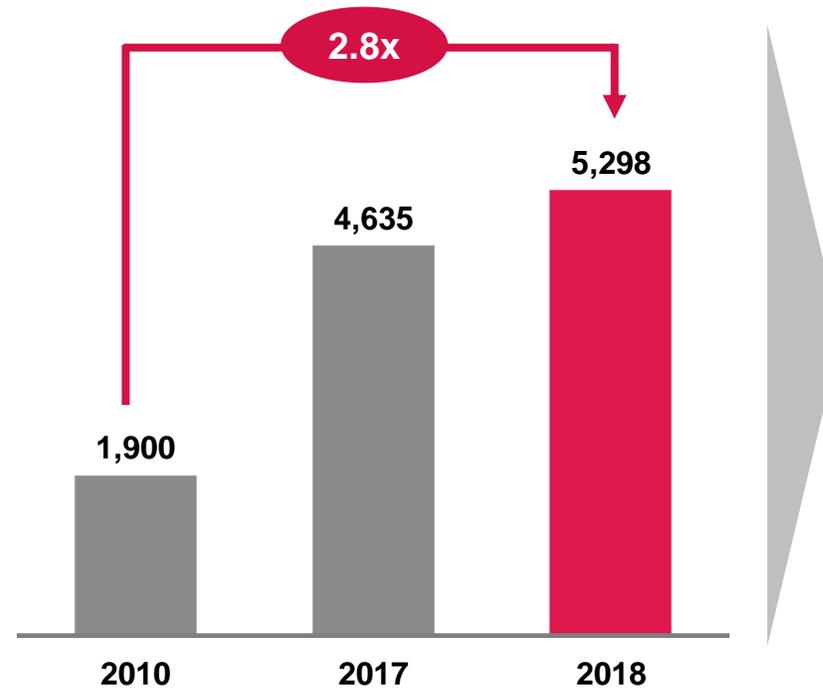
Growth

VONB (\$m)



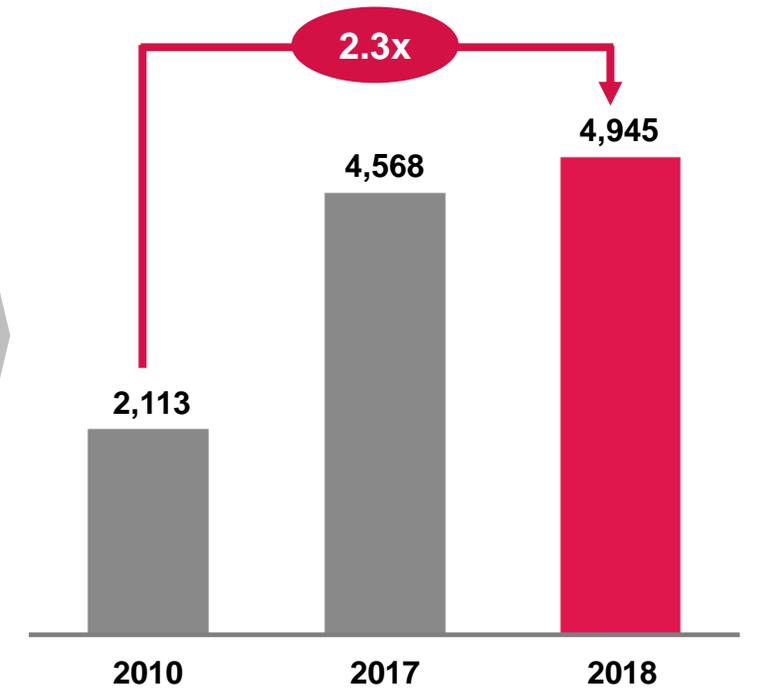
Earnings

OPAT (\$m)



Capital & Dividends

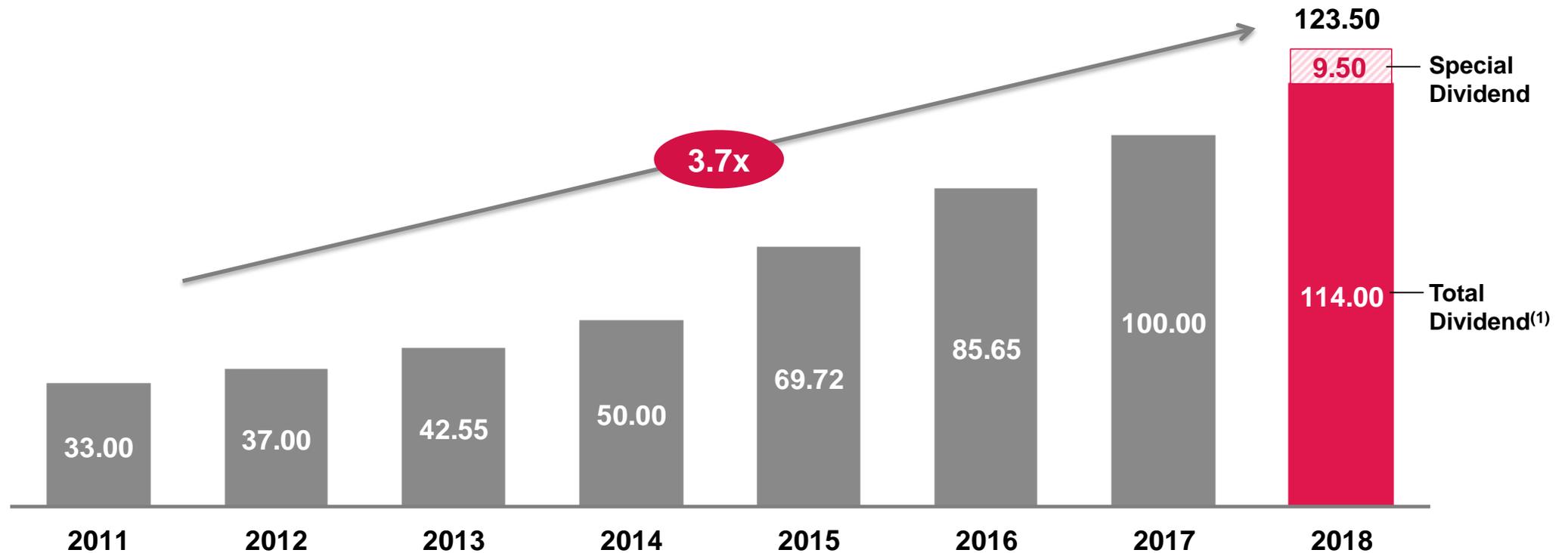
Underlying Free Surplus Generation (\$m)



Total Dividend Increase of 14%



Total Dividend⁽¹⁾ and Special Dividend Per Share (HK cents)



Note:
(1) Total dividend excluding special dividend

Financial Discipline and Consistent Execution



Growth

- Excellent growth in profitable new business
 - Strong and resilient pan-regional growth portfolio
 - VONB growth delivered increased ROEV at scale
-

Earnings

- Strong growth in IFRS operating profit
 - Diversified and balanced sources of earnings
 - Increased ROE over time
-

Capital & Dividends

- Resilient capital position
- Self-financed new business growth
- Prudent, sustainable and progressive dividend



Jacky Chan

Regional Chief Executive

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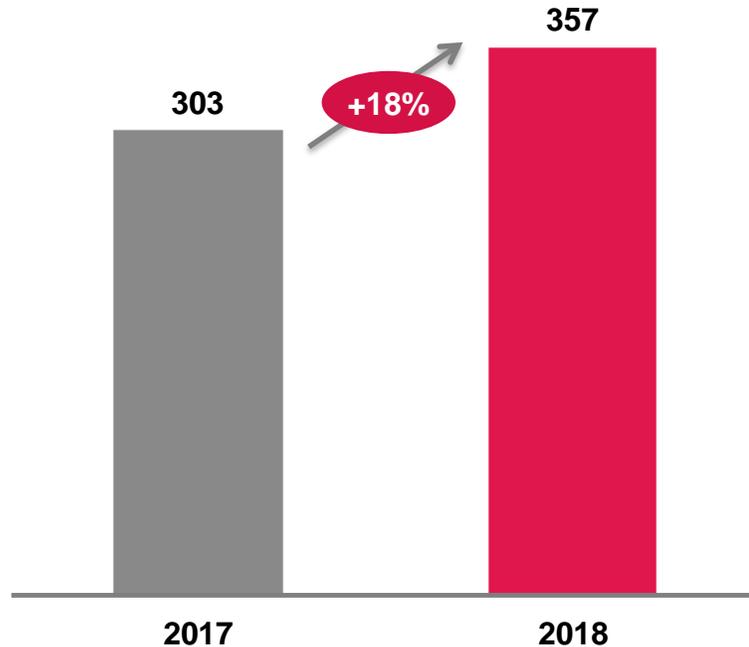


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Singapore: Disciplined Focus on Quality Business



VONB (\$m)



ANP (\$m)	435	547
VONB Margin	69.7%	65.4%

Premier Agency

- Very strong VONB growth
- Active agents up 16%
- Double-digit growth in productivity
- Continued our market leadership

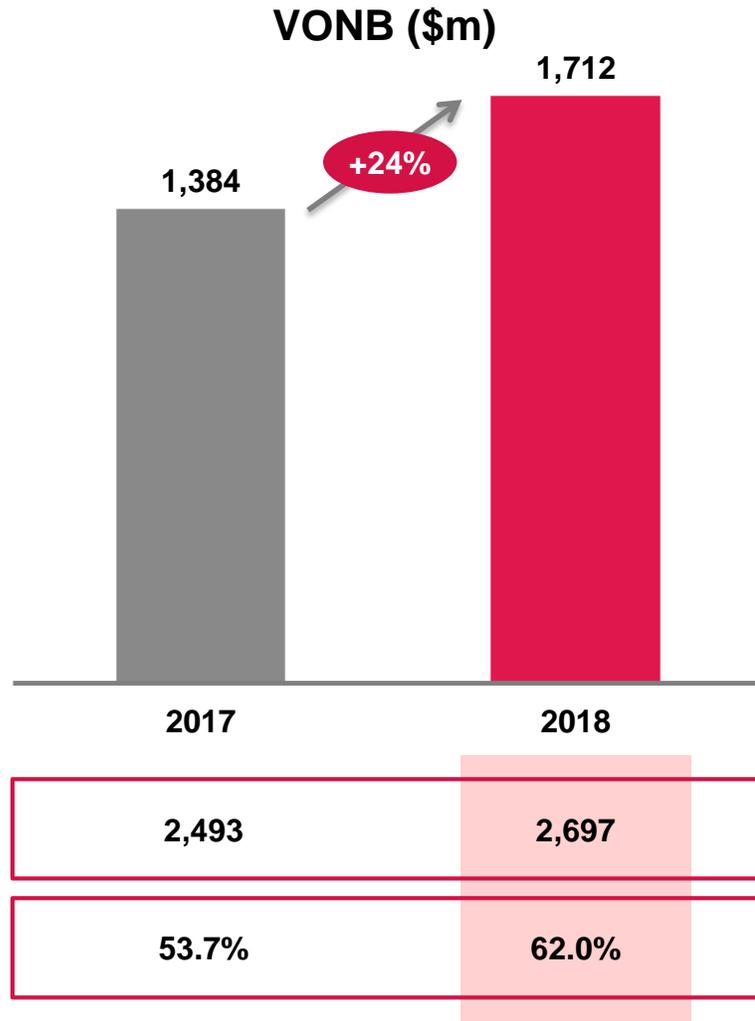
Profitable Partnerships

- Excellent VONB growth from Citibank
- Market leader in group insurance

Products and Customers

- Launched exclusive partnership with **medix** to provide personal medical case management
- **AIA Vitality** members up more than 40%

Hong Kong: Excellent Results Across Channels



Premier Agency

- Excellent VONB growth
- Comprehensive recruitment and training platform
- Double-digit active agents growth

Profitable Partnerships

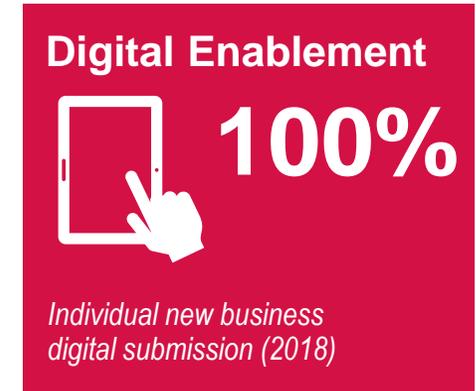
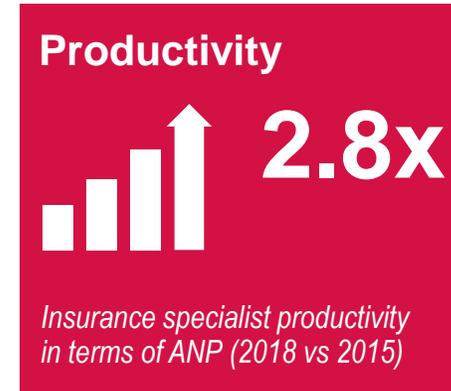
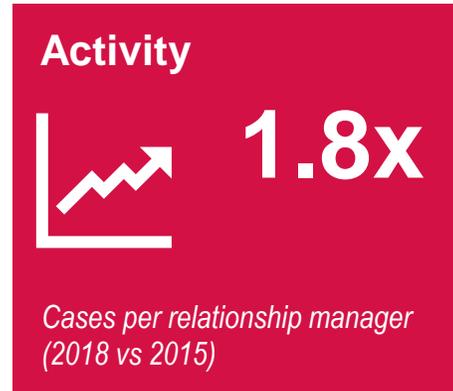
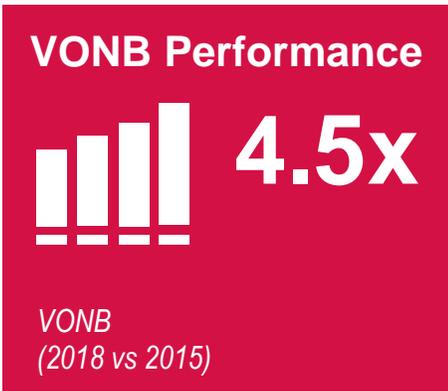
- Very strong VONB growth from Citibank
- Solid growth from retail IFA with steady sales in both 1H and 2H

Products and Customers

- VONB growth from domestic and MCV⁽¹⁾ customers
- **AIA Vitality** integrated product sales doubled
- VONB from existing customers up 28%

Note:
(1) Mainland Chinese visitors

Partnership Delivery: Citibank in Hong Kong



Key Success Factors



Strong collaboration with engagement and communication at each level

Partnership Engagement



Insurance integrated into bank's wealth management platform and segmented product advice

Market-leading Advisory Model



Build capable team through field work, coaching, structured and targeted training

Enhanced Training/ Culture of Learning



Application programming interface connectivity into iPoS to deliver seamless end-to-end customer journey

Customer Experience





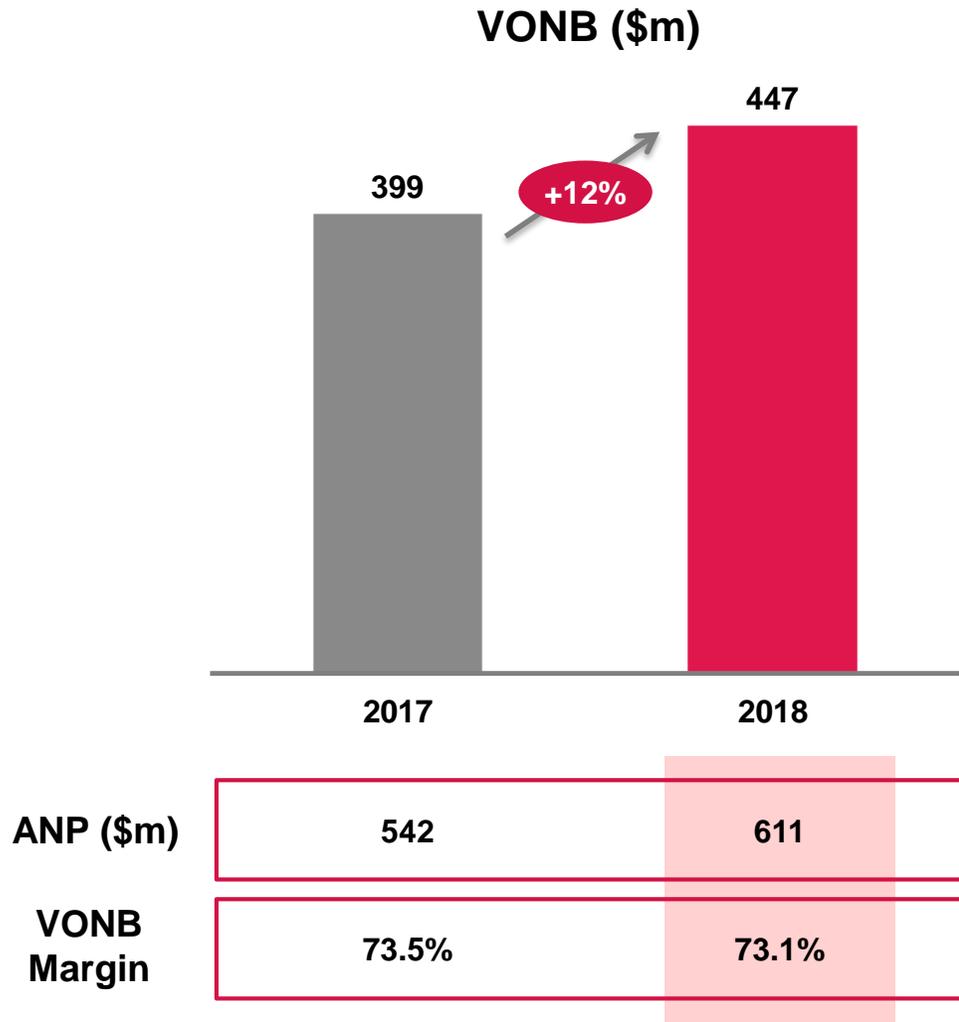
Bill Lisle

Regional Chief Executive



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Thailand: Protecting Customers for 80 Years



Premier Agency

- Proven Financial Adviser (FA) programme
- FA 40% more productive than standard recruits
- MDRT qualifiers up 36%; #1 MDRT in Thailand

Profitable Partnerships

- Successful launch of Bangkok Bank partnership
 - Rolled out to over 800 branches
 - Expanded product range

Products and Customers

- Market leader in protection and unit-linked products
- **AIA Vitality** members up more than 60%
- Rolled out customer-centric digital tools

Thailand: FA Transforming our Agency Distribution



Quality Recruitment



Mindset

“Full time professional career”



Interview / Screening

- Personality
- Communication skills

Criteria / Attributes

- Younger generation
- Degree / Work experience
- Higher previous income
- Investment Consultant licence



Training & Development

20+ days First Year Training

Product Knowledge:



High Net Worth



Unit-Linked



AIA Vitality



Critical Illness



Protection



Digital sales tools

96% digital submission

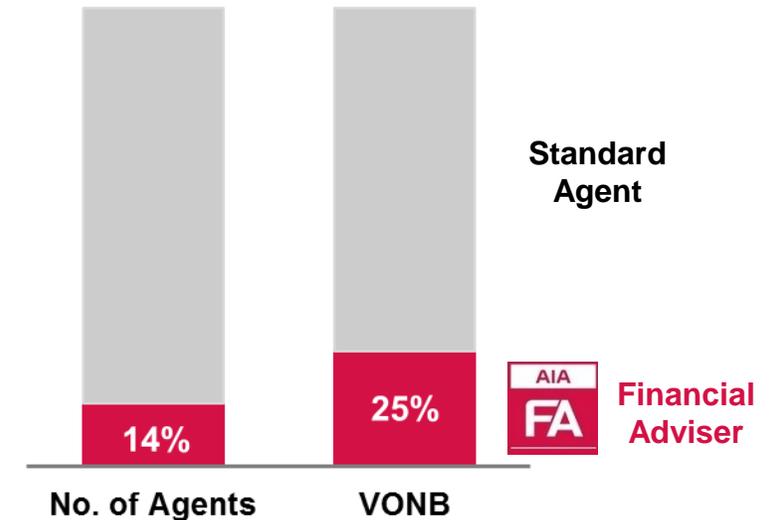


1-1 coaching



Sales skills

Proven Strong Results



Activity Ratio



>2x

of standard new agents

VONB per New Recruit

4x

higher than standard agent recruit

New Leaders

>50%

of total new leader promotions

MDRT

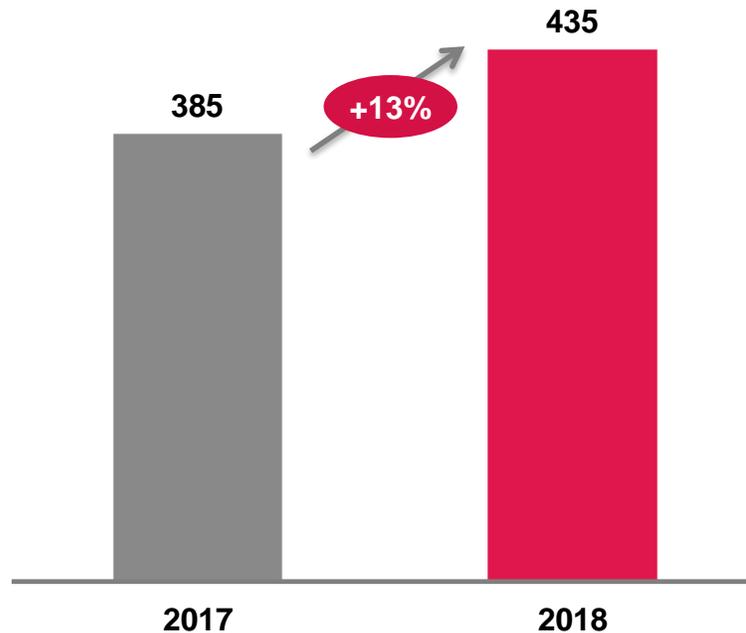
30%

of total MDRT

Other Markets: Delivering Solid Growth



VONB (\$m)



ANP (\$m)	950	1,206
VONB Margin	39.9%	35.8%

AUS & NZ

- Strong VONB growth in retail and group insurance
- AIA Vitality** expanded to group insurance customers
- Successful launch of partnership with ASB post acquisition of Sovereign

INDONESIA

- Growth in active agents and agency VONB
- Market volatility impacted sales in 2H
- Overall VONB declined due to partnerships

KOREA

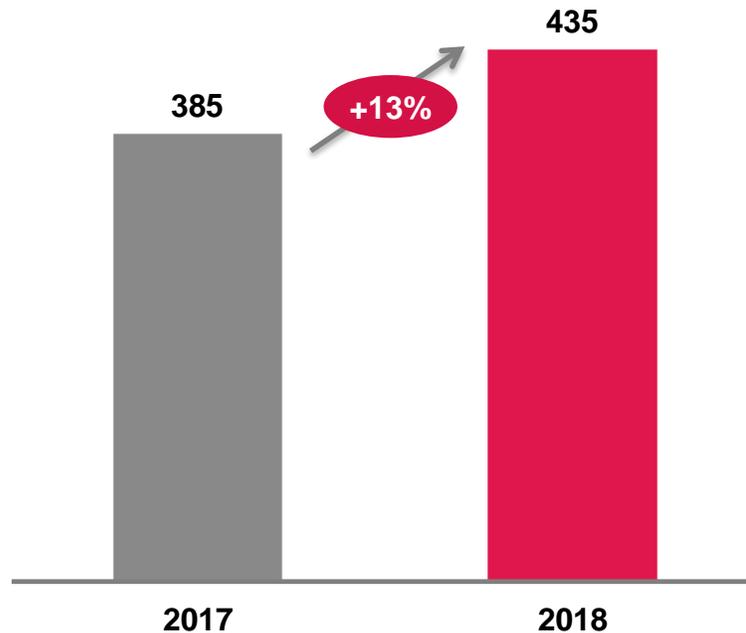
- Very strong VONB growth with increased margins
- Regulatory approval for integrated wellness product
- Launched **AIA Vitality** partnership with SK Telecom

Note:
Comparatives are shown on a constant exchange rate basis

Other Markets: Delivering Solid Growth



VONB (\$m)



ANP (\$m)	950	1,206
VONB Margin	39.9%	35.8%

PHILIPPINES

- Strong VONB with excellent growth from BPI
- Double-digit growth in active agents
- Vitality integrated product VONB trebled

VIETNAM

- Double-digit VONB growth
- Excellent VONB growth in bancassurance
- Agency remained the largest VONB contributor

INDIA⁽¹⁾

- Excellent VONB growth across channels
- Market leader in pure protection business
- Bancassurance accounted for two-thirds of ANP

Notes:
 Comparatives are shown on a constant exchange rate basis
 (1) The results of our joint venture in India are accounted for using the equity method. Other Markets' VONB, ANP and VONB margin exclude any contribution from India



John Cai
Regional Chief Executive

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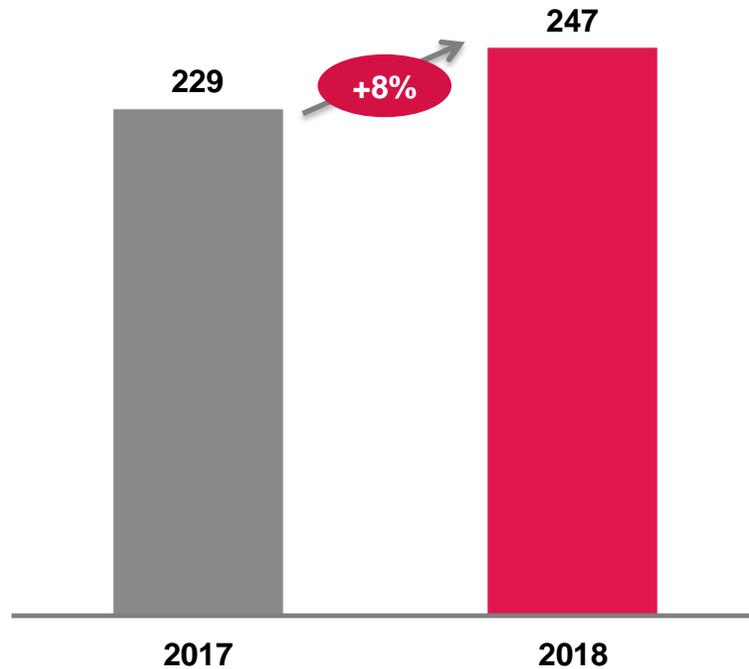


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Malaysia: Focus on Execution



VONB (\$m)



ANP (\$m)	363	382
VONB Margin	62.4%	63.8%

Premier Agency

- Selective recruitment, quality agency development
- Solid VONB growth from Takaful business
- Launched AIA Life Planner

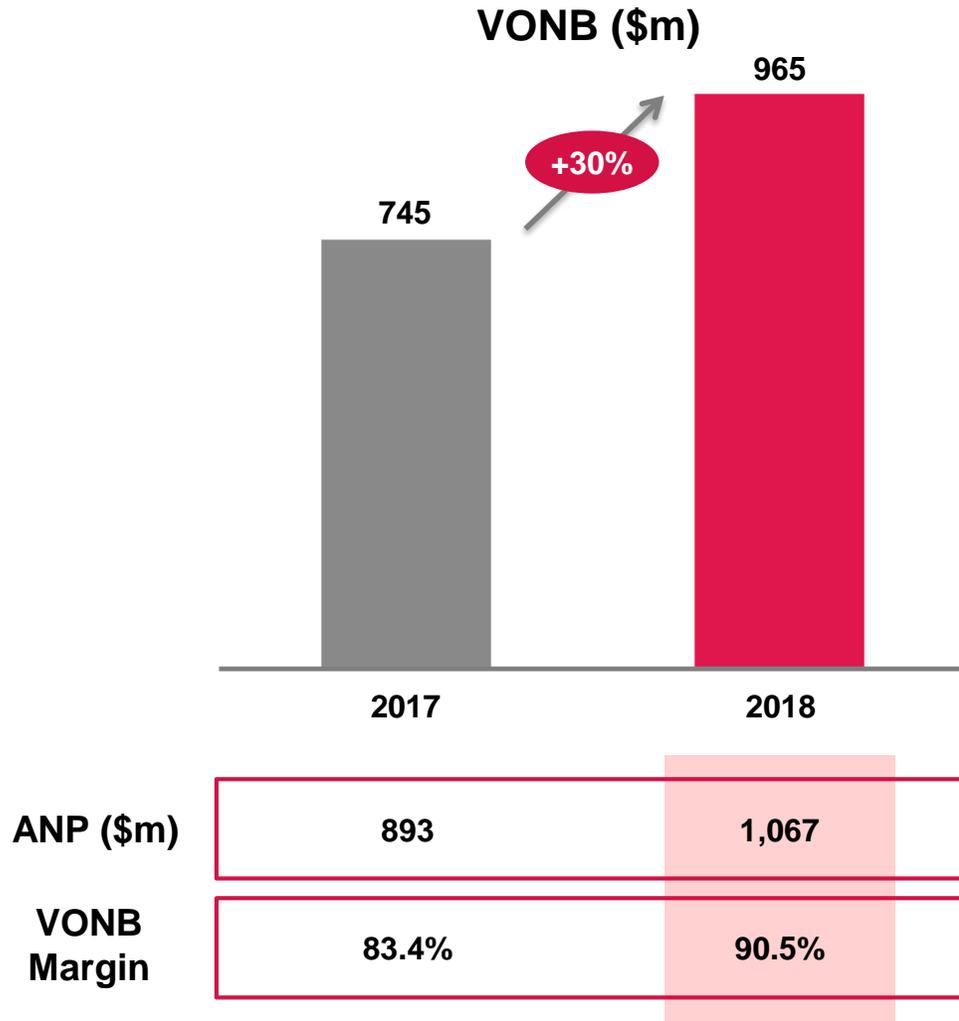
Profitable Partnerships

- Double-digit VONB growth from Public Bank
- Market leader in group insurance

Products and Customers

- First-to-market innovative unit-linked products
- Unique digital Health Wallet proposition
- **AIA Vitality** members up 47%

China: Sustained Quality Outperformance



Premier Agency

- Highly differentiated Premier Agency strategy
- Double-digit growth in active agents
- New agent productivity up 17%
- 100% new business submitted digitally

Profitable Partnerships

- Launched strategic partnership with WeDoctor

Products and Customers

- Positioned as the protection provider of choice
- Wellness programme members doubled
- Launched AIA Xiao You, AI-enabled service-bot

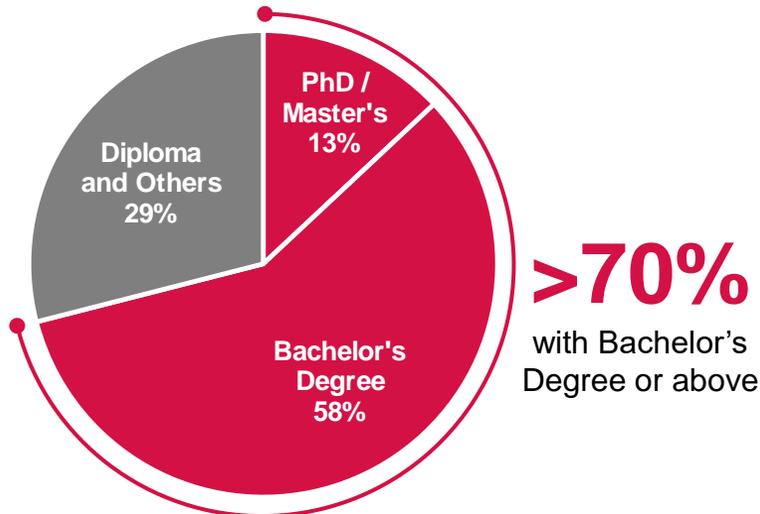
AIA Beijing Branch: Premier Agency in Action



Quality Recruitment & Training

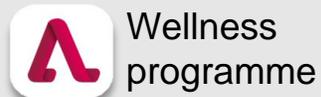
- Stringent selection; intensive interviews
- Entrepreneurial culture
- Extensive training with joint field work
- Sales building coaching and evaluation

Educational Qualification of Agency Force



Digital Enablement

- **iRecruit:** quality recruitment and talent pool management
- **Master Planner:** comprehensive agency activity management
- **Instant Buy:** sales portal for easy and efficient end-to-end buying experience
- **i-Service:** agent portal for one-stop, real-time, paperless service
- **e-Service:** customer self-service portal for after-sales service and e-Claims



Wellness programme



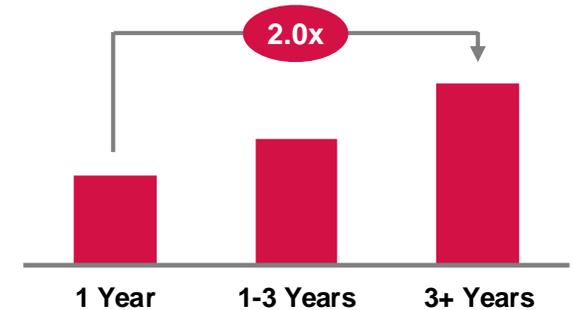
WeChat claims process and payment



Strategic partnership with WeDoctor

Sustained Outperformance

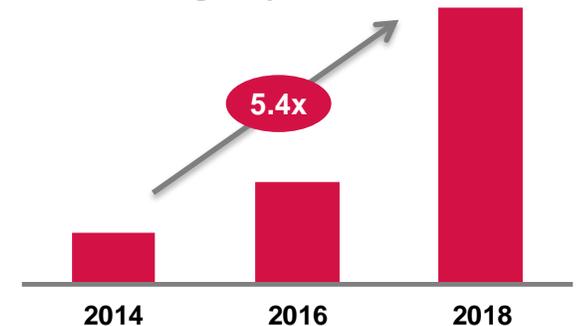
Active Agent Productivity by Years of Service



4.2x

MDRT Members
(2018 vs 2014)

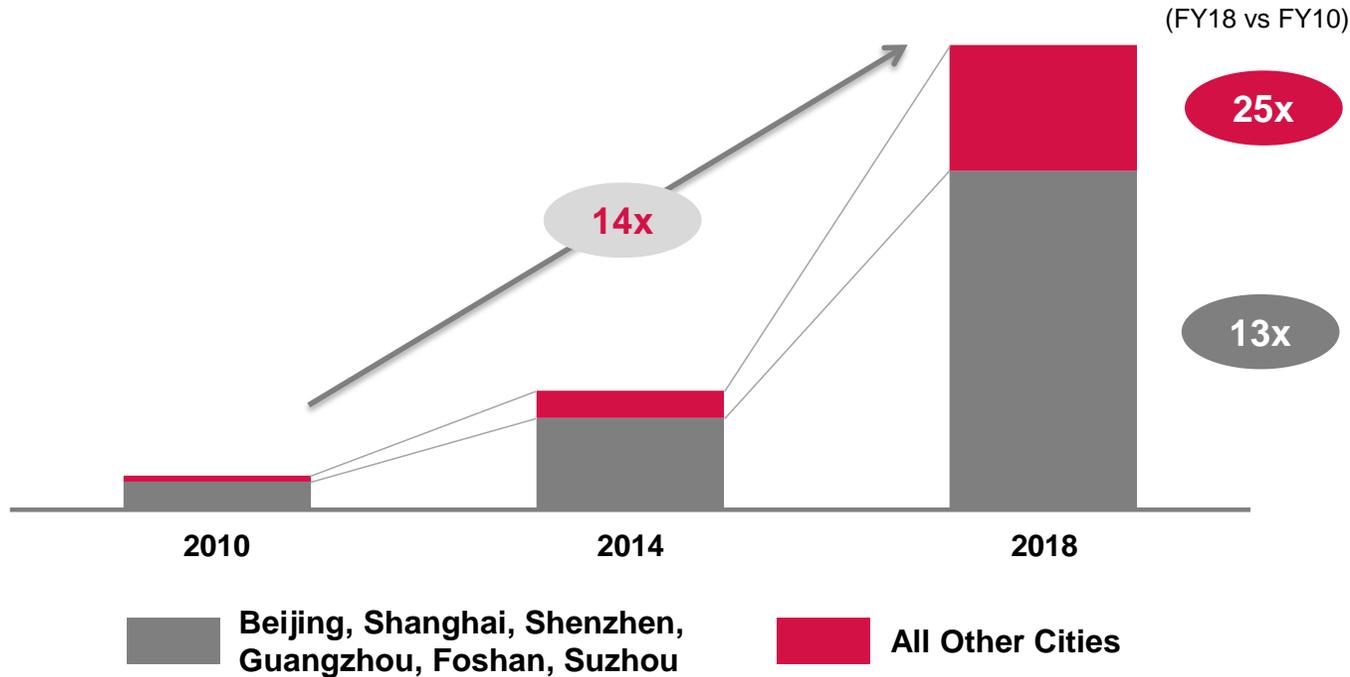
Agency VONB



AIA China: Proven Model for Expansion



Agency VONB since IPO



CBIRC's approval to set up sales and service centres in **Tianjin** and **Shijiazhuang, Hebei**

>20m
Additional Population

Premier Agency Strategy Execution

- Scalable infrastructure
- Digital backbone
- Strong leadership
- High-performance culture
- Quality recruitment, training and development

AIA China
(FY18 vs FY14)

Active Agents

3.1x

MDRT Members

5.2x



Ng Keng Hooi
Group Chief Executive



GLOBAL PRINCIPAL PARTNER



CELEBRATING
100
YEARS



HEALTHIER, LONGER,
BETTER LIVES

AIA's Competitive Advantages and Strategic Priorities



Structural Drivers of Growth



Rapid urbanisation and significant wealth creation



Increasing prevalence of lifestyle-related diseases



Low insurance penetration and limited social welfare provision



Ageing population and growing need for retirement savings



Understanding consumer preferences and expectations

Strategic Priorities

Premier Agency	Next-Generation Partnerships	Health & Wellness	Customer Centricity	Product Innovation
<ul style="list-style-type: none"> Promote next-generation agency recruitment and training support Enable with technology and support specialisation Deliver professional advice on broader customer needs 	<ul style="list-style-type: none"> Deepen engagement with strategic partners Strengthen and differentiate partner value proposition Expand distribution reach through non-traditional partners 	<ul style="list-style-type: none"> Extend regional leadership in health and wellness Engage customers in healthy living Evolve from conventional payer to active partner 	<ul style="list-style-type: none"> Leverage data analytics for greater customer insights Transform customer experience Increase customer engagement 	<ul style="list-style-type: none"> Maintain protection-oriented portfolio Expand integrated savings and protection solutions Meet rapidly growing long-term savings needs

People Development

Digital Enablement

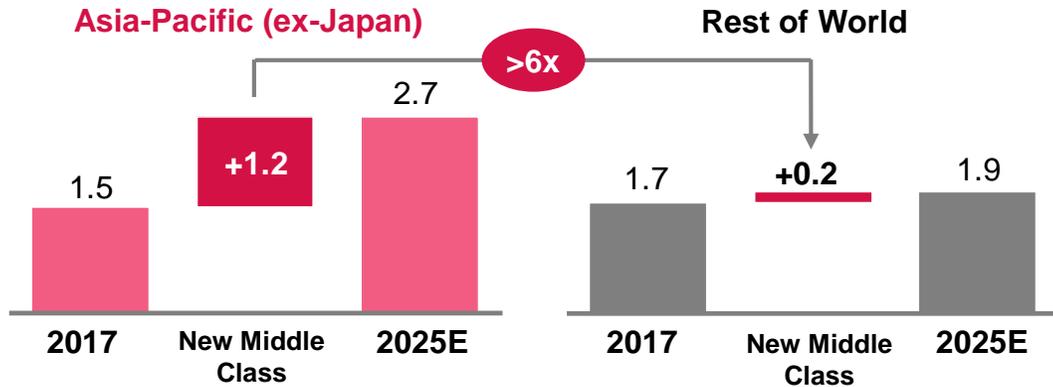
Financial Discipline

Asia's Middle Class Growth Opportunity



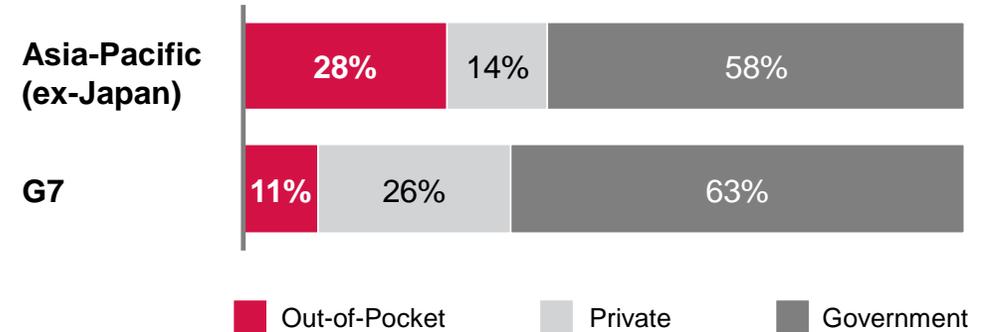
Rapid Expansion of Middle Class

Middle Class Population (billions)



Uncovered Healthcare Costs

Breakdown of Total Healthcare Expenditure (2017)



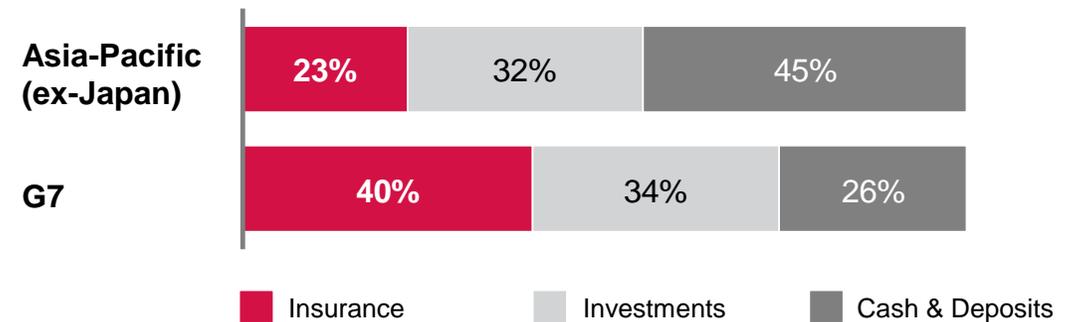
Asia is Under-Protected

Asia-Pacific (ex-Japan) Mortality Protection Gap



Unbalanced Asset Allocation

Personal Financial Assets (2017)

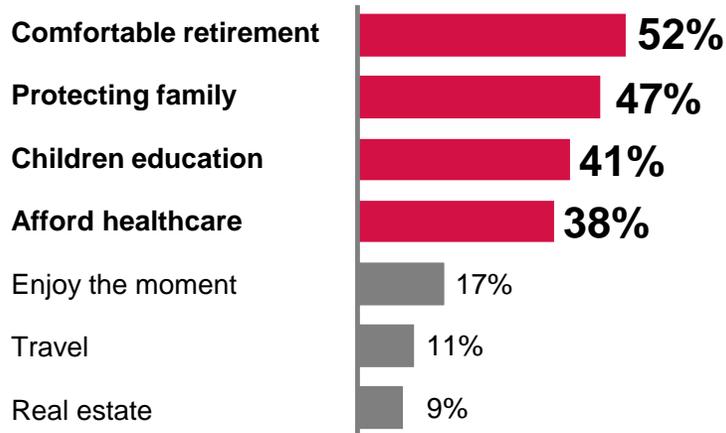


Consumers Lack Insurance and Access to Advice



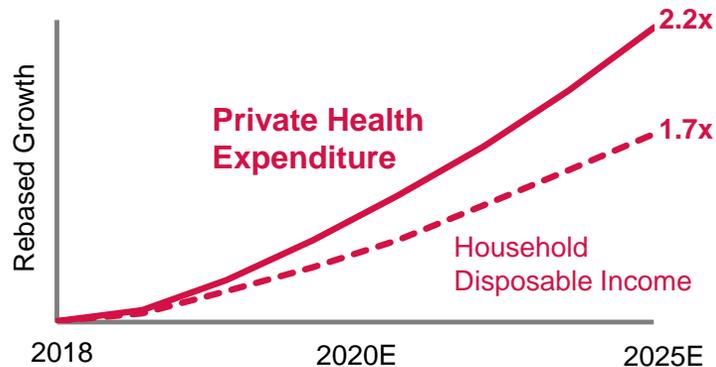
Strong Protection Need

What is really important to you in life?⁽¹⁾



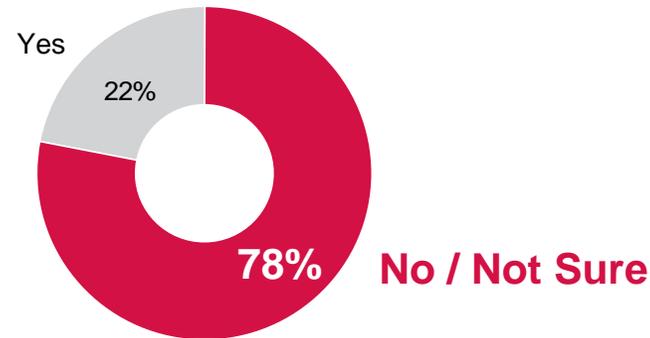
Health Spend Rising Fast

Rebased growth for Asia-Pacific (ex-Japan)



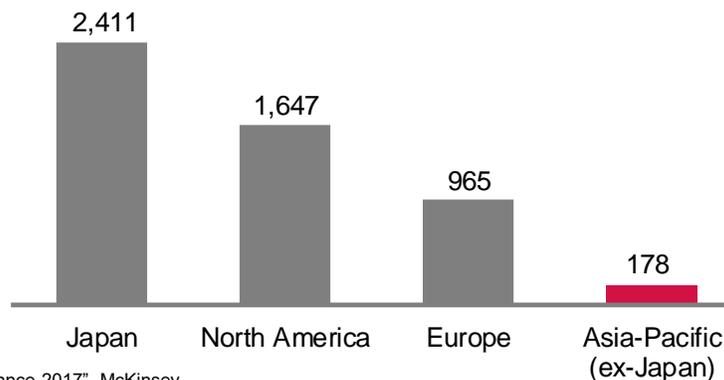
Insufficient Insurance Coverage

Are you sufficiently protected from the financial impact of getting sick or dying?⁽¹⁾



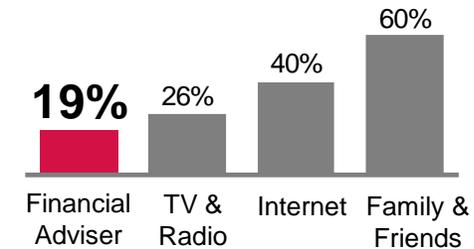
Low Levels of Life Insurance Cover

Life insurance density (US\$ per capita)



Professional Advice Gap

Where do you obtain information on investments and retirement planning?



Could benefit from professional advice?⁽¹⁾

98%
Yes

Most important qualities for an adviser?⁽¹⁾

Trust
Service **Expertise**

Average Improvement in Customer Outcomes

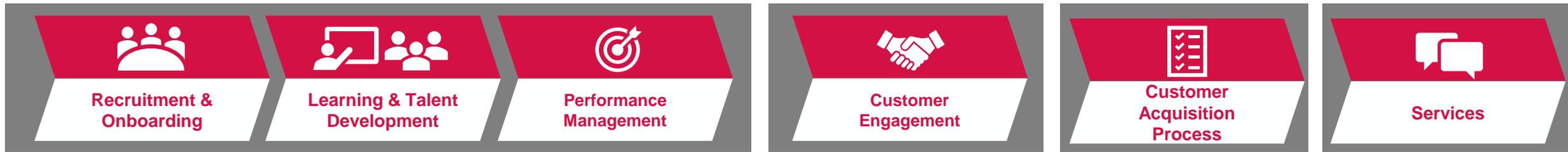


Sources: LIMRA "The Future of Retirement in China"(2017), EIU, BMI, Swiss Re "Sigma World Insurance 2017", McKinsey
Note: (1) AIA consumer survey 2019 across five markets (Hong Kong, Thailand, Singapore, Malaysia and China)

Premier Agency: Disciplined Execution of the Fundamentals



End-to-end Agent-Customer Value Chain



100%
iRecruit adoption ratio
in AIA China

AIA Premier Academy⁽¹⁾
in all major markets

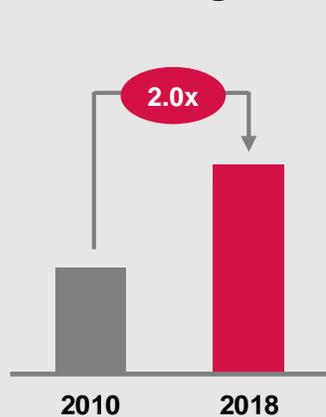
AIA Business Planner
in all major markets

>4x
Higher repurchase with
frequent agent contact

>90%
Digital adoption ratio

AIA MyPage
in all major markets

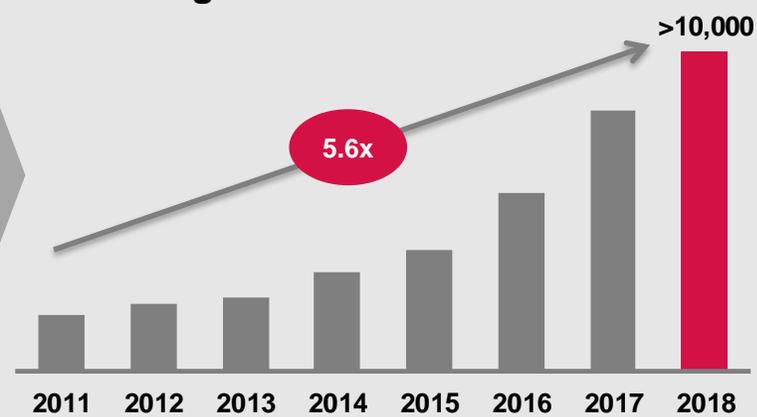
Active Agents



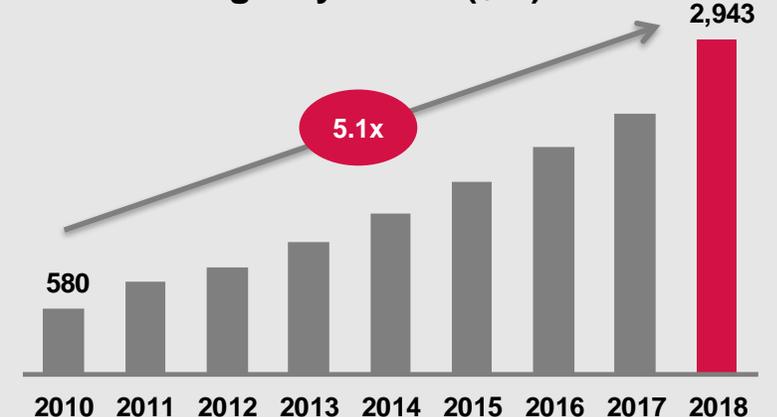
Productivity



Registered MDRT Members



Agency VONB (\$m)



Note:
(1) Premier Academy (AIA Hong Kong) or equivalent programmes

Next-Gen Partnerships: Leveraging Our Growing Network



Strategic / Exclusive Partners

100+
Bank Partners

20,000+
Branches

100m+
Bank Customers

citibank 2014
Regional Partner
across 12 Markets

BPI JV since 2009
Philippines

PUBLIC BANK 2017
Malaysia

BCA 2017
Indonesia

Bangkok Bank 2018
Thailand

ASB 2018
New Zealand

Commonwealth Bank 2019⁽¹⁾
Australia

Non-Traditional Partners

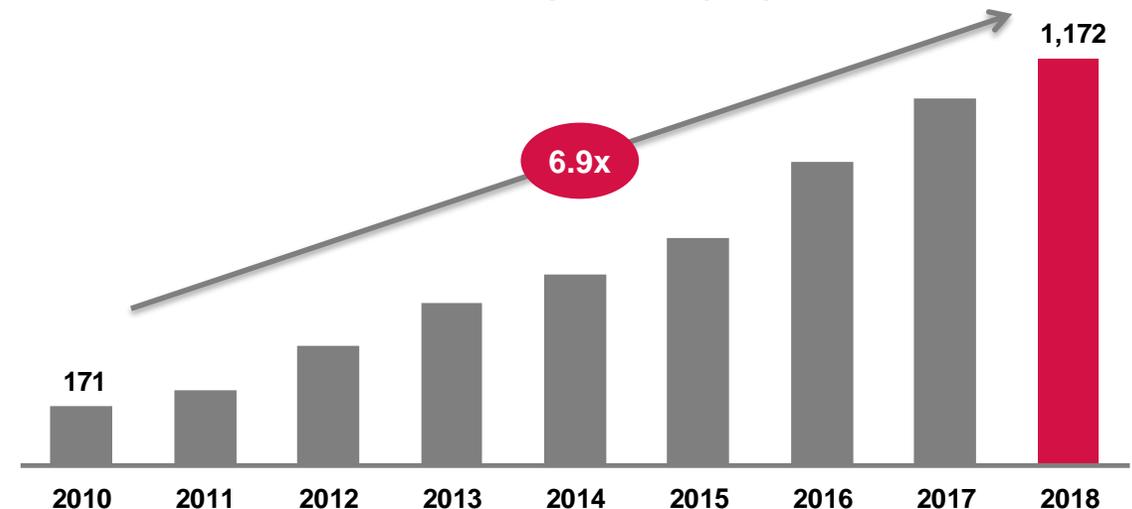
SK 2018
Korea

微医 WE DOCTOR 2018
China

Success Factors

- Shared vision, joint business strategy, clear execution plan and strong governance
- Focus on delivering outstanding customer experience
- Unique AIA propositions including **AIA Vitality**
- Business model enabled by data and technology

Partnership VONB (\$m)



Note:
(1) Subject to securing all necessary regulatory and governmental approvals

Being a Lifelong Partner to Our Customers



Engagement and Prevention

AIA Vitality



3m
Health Checks



2m
BMI Readings



18m
Workouts⁽¹⁾ per month

% of **AIA Vitality** members moved from an unhealthy to a healthy category⁽²⁾



56%
Blood Pressure



38%
Cholesterol



21%
BMI

Diagnosis and Treatment

medix

- Regional exclusive strategic partnership, already active in Hong Kong and Singapore
- 65%** cases with treatment plan refinements
- 90%** customer and agent satisfaction⁽³⁾



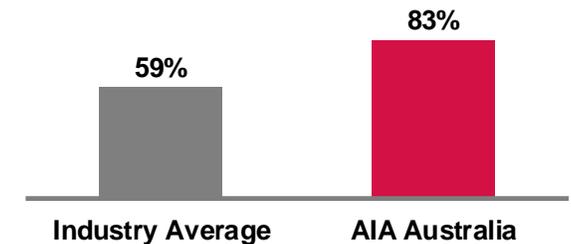
- Long-term strategic partnership in China
- Positive outcomes for customers and transforming experience with AIA

Recovery and Rehabilitation

RESTORE™

- Dedicated mental health rehab programme
- Part of the well-established rehabilitation programme by AIA Australia
- Embedded team of health professionals

Return to Work Rate



**HEALTHIER, LONGER,
BETTER LIVES**

- New brand promise launched in 2018
- Reinforces AIA's commitment to customers' health and well-being
- Strategic shift from "payer" to "partner"

Notes:

(1) A workout is typically defined as a block of sustained activity registered by the AIA Vitality-linked device as a "workout". The definition of a "workout" is specified by the device manufacturer and varies across manufacturers

(2) Based on the health assessments provided by AIA Vitality members in six markets, the proportion of members who have moved from an unhealthy to a healthy category in the respective health metrics

(3) In Hong Kong and Singapore

AIA Group – Delivering Sustainable Shareholder Value



- Unprecedented long-term growth opportunities
- Significant and sustainable competitive advantages
- Clear and aligned growth strategy
- Experienced and proven management team
- Disciplined and consistent execution



CELEBRATING

100
YEARS



HEALTHIER, LONGER,
BETTER LIVES



HEALTHIER, LONGER,
BETTER LIVES

Q&A Session



Definitions and Notes



- Due to the change of the Company's financial year-end date from 30 November to 31 December and for the purpose of enhancing the comparability of financial information, the financial information in this presentation covers a twelve-month period from 1 January 2018 to 31 December 2018 for the current period and a twelve-month period from 1 January 2017 to 31 December 2017 for the prior period, unless otherwise stated. Balance sheet items are presented as at 31 December 2018 for the current period and 31 December 2017 for the prior period. The financial information from 2010 to 2016 is presented on the 30 November financial year-end basis.
- Change on constant exchange rates (CER) is calculated for all figures for the current year and for the prior year, using constant average exchange rates, other than for balance sheet items as at the end of the current year and as at the end of the prior year, which is translated using the constant exchange rates.
- Actual investment return is the interest income from fixed income investments and actual investment returns of equities and real estate, as a percentage of average fixed income investments, equities and real estate over the period. This excludes unit-linked contracts and consolidated investment funds.
- AIA has a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, Cambodia, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and a representative office in Myanmar.
- Annualised new premiums (ANP) excludes pension business.
- EV Equity is the total of embedded value, goodwill and other intangible assets attributable to shareholders of the Company.
- Fixed income yield is the interest income from fixed income investments, as a percentage of average fixed income investments measured at amortised cost over the period. This excludes unit-linked contracts and consolidated investment funds.
- Free surplus is the excess of the market value of AIA's assets over the sum of the statutory liabilities and required capital.
- Hong Kong refers to operations in Hong Kong and Macau; Singapore refers to operations in Singapore and Brunei; and Other Markets refers to operations in Australia (including New Zealand), Cambodia, Indonesia, Korea, the Philippines, Sri Lanka, Taiwan, Vietnam and India. The results of our joint venture in India are accounted for using the equity method. For clarity, TWPI, ANP and VONB exclude any contribution from India.
- Operating profit after tax (OPAT), net profit, IFRS shareholders' allocated equity and IFRS shareholders' equity are shown post non-controlling interests.
- IFRS operating profit includes the expected long-term investment return for equities and real estate.
- Investment return and composition of investments exclude unit-linked contracts and consolidated investment funds.
- Investment return is defined as investment income with the addition of realised and unrealised gains and losses as a percentage of average investments excluding property held for own use.
- Investments include financial investments, investment property, property held for own use, and cash and cash equivalents. Investment property and property held for own use are at fair value.
- PVNBP margin stands for margin on a present value of new business premium basis.
- Operating ROE stands for operating return on shareholders' allocated equity and is calculated as operating profit after tax attributable to shareholders of the Company, expressed as a percentage of the simple average of opening and closing shareholders' allocated equity.
- Operating ROEV stands for operating return on EV and is calculated as EV operating profit, expressed as a percentage of the opening embedded value.
- Shareholders' allocated equity is total equity attributable to shareholders of the Company less fair value reserve.
- Total dividend of HK\$1.14 per share for the twelve months ended 31 December 2018 does not include the special dividend for the additional month in the accounting period due to the change of the Company's financial year-end date from 30 November to 31 December.
- TWPI consists of 100% of renewal premiums, 100% of first year premiums and 10% of single premiums, before reinsurance ceded.
- VONB is after unallocated Group Office expenses and adjustment to reflect consolidated reserving and capital requirements; includes pension business and is shown before minorities.
- VONB margin = VONB / ANP. VONB for the margin calculations exclude pension business to be consistent with the definition of ANP.
- VONB and VONB margin by distribution channel are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses and exclude pension business.
- VONB and VONB margin by geographical market are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses.
- Sovereign refers to AIA Sovereign Limited (formerly ASB Group (Life) Limited) and its subsidiaries, including Sovereign Assurance Company Limited, a licensed insurer in New Zealand.

APPENDIX

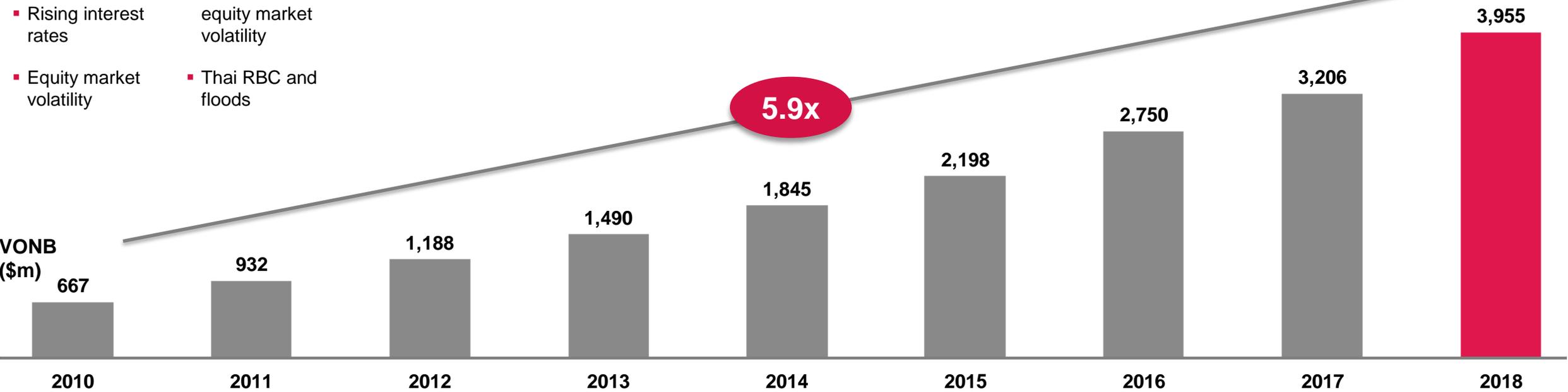


HEALTHIER, LONGER,
BETTER LIVES

Delivering Through Market Cycles



2010	2011	2012	2013	2014	2015	2016	2017	2018
<ul style="list-style-type: none"> Anaemic GFC recovery Deepening Eurozone sovereign debt crisis China becomes 2nd largest economy Rising interest rates Equity market volatility 	<ul style="list-style-type: none"> US sovereign downgrade Continued Eurozone sovereign debt crisis China slowdown fears Interest rate & equity market volatility Thai RBC and floods 	<ul style="list-style-type: none"> Expansionary policy; US QE3 European double-dip recession Strong equity markets Falling interest rates 	<ul style="list-style-type: none"> Strengthening US recovery Taper tantrum affecting Asian currency China slowdown fears Rising interest rates 	<ul style="list-style-type: none"> Lower for longer interest rates Oil price depreciation Asian currency headwinds Thai Government changes 	<ul style="list-style-type: none"> US interest rate increase Oil price collapse China slowdown fears Asian currency depreciation 	<ul style="list-style-type: none"> China slowdown fears Brexit Lower for longer interest rates US election 	<ul style="list-style-type: none"> Positive China sentiment US dollar depreciation US rising interest rate 	<ul style="list-style-type: none"> Trade tensions China slowdown fears and RMB depreciation Rising interest rate expectations



Geographical Market Performance



Hong Kong (\$m)	2018	2017	CER	AER
VONB	1,712	1,384	+24%	+24%
VONB Margin	62.0%	53.7%	+8.3pps	+8.3pps
ANP	2,697	2,493	+8%	+8%
TWPI	11,444	9,535	+20%	+20%
OPAT	1,814	1,627	+11%	+11%

Singapore (\$m)	2018	2017	CER	AER
VONB	357	297	+18%	+20%
VONB Margin	65.4%	69.7%	(4.3)pps	(4.3)pps
ANP	547	426	+26%	+28%
TWPI	2,738	2,435	+10%	+12%
OPAT	558	513	+7%	+9%

China (\$m)	2018	2017	CER	AER
VONB	965	725	+30%	+33%
VONB Margin	90.5%	83.1%	+7.1pps	+7.4pps
ANP	1,067	873	+19%	+22%
TWPI	4,006	3,118	+26%	+28%
OPAT	870	643	+32%	+35%

Malaysia (\$m)	2018	2017	CER	AER
VONB	247	215	+8%	+15%
VONB Margin	63.8%	62.5%	+1.4pps	+1.3pps
ANP	382	340	+5%	+12%
TWPI	2,083	1,848	+6%	+13%
OPAT	320	274	+9%	+17%

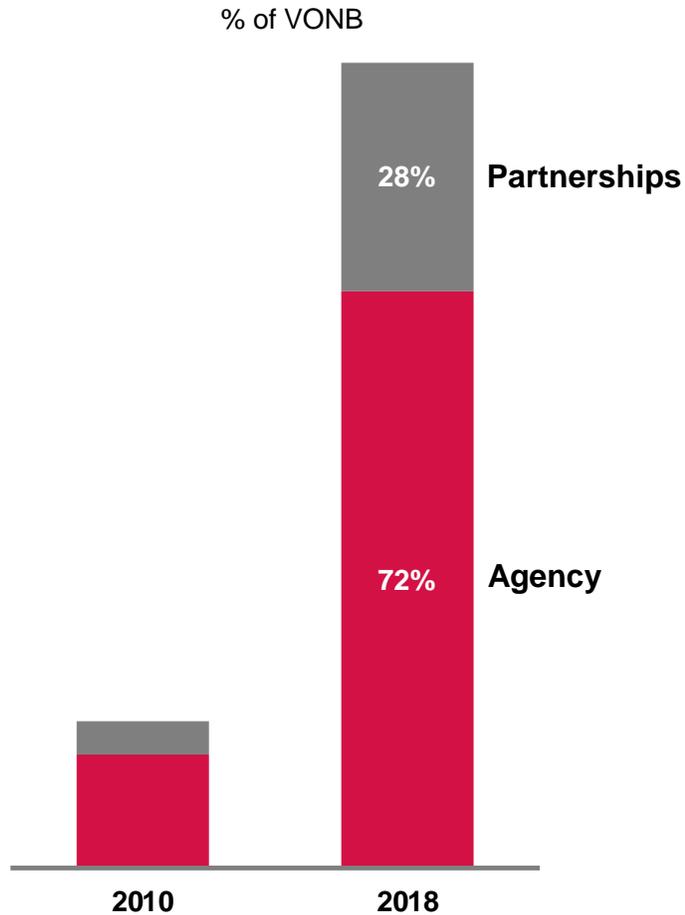
Thailand (\$m)	2018	2017	CER	AER
VONB	447	381	+12%	+17%
VONB Margin	73.1%	73.4%	(0.4)pps	(0.3)pps
ANP	611	519	+13%	+18%
TWPI	3,895	3,559	+5%	+9%
OPAT	995	868	+9%	+15%

Other Markets (\$m)	2018	2017	CER	AER
VONB	435	395	+13%	+10%
VONB Margin	35.8%	39.9%	(4.1)pps	(4.1)pps
ANP	1,206	973	+27%	+24%
TWPI	6,377	5,898	+10%	+8%
OPAT	826	742	+14%	+11%

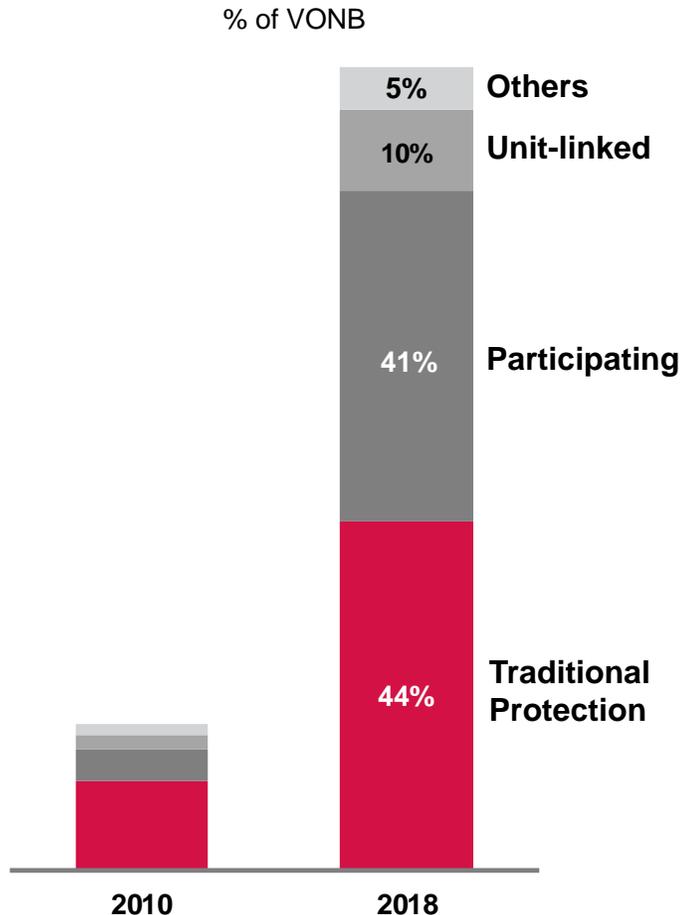
Unique and Advantaged Growth Platform



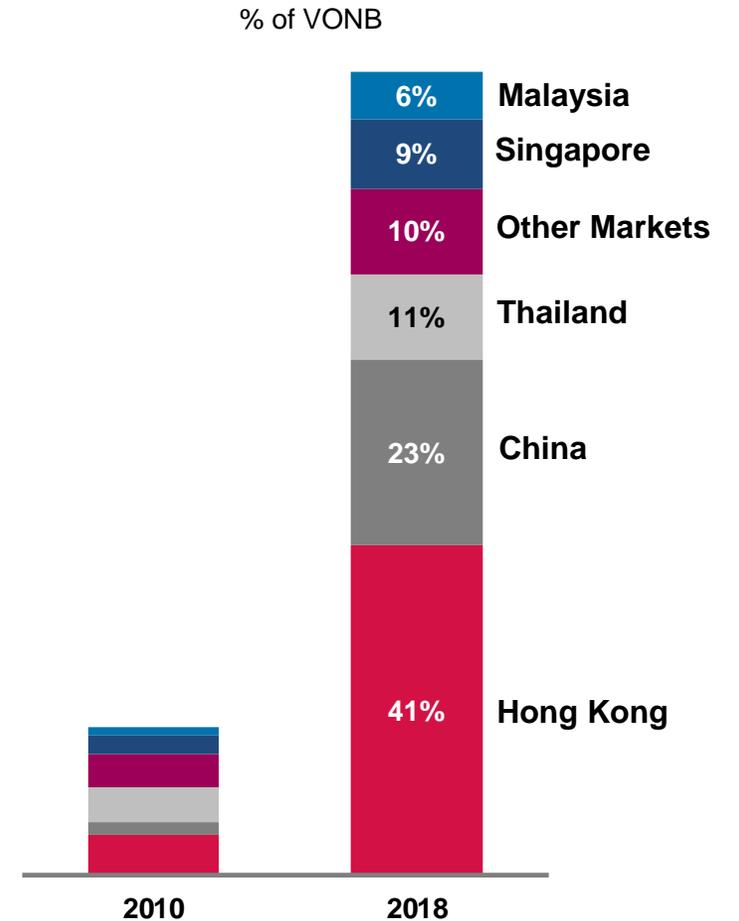
Distribution Mix



Product Mix



Geographical Mix



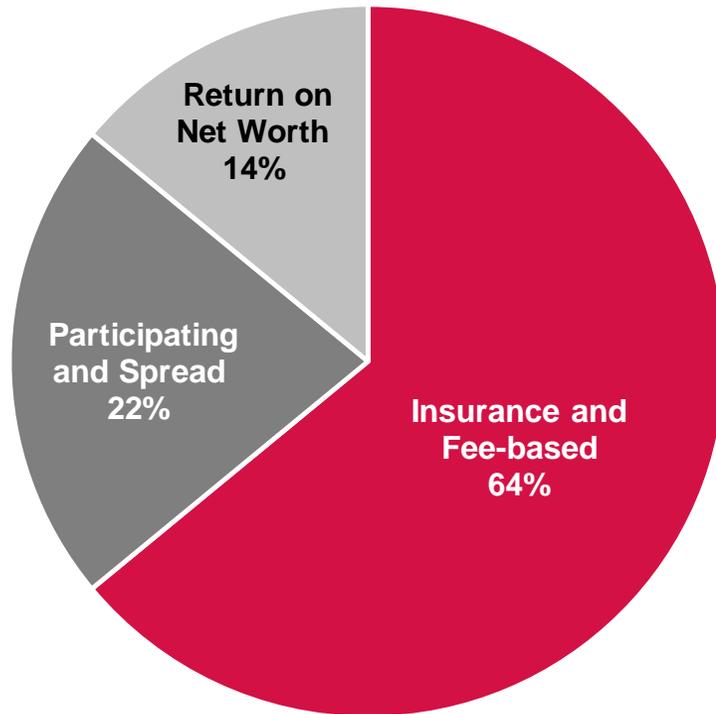
Notes:

Distribution mix is based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses and excluding pension business
 Product and geographical mix are based on local statutory reserving and capital requirements, before the deduction of unallocated Group Office expenses

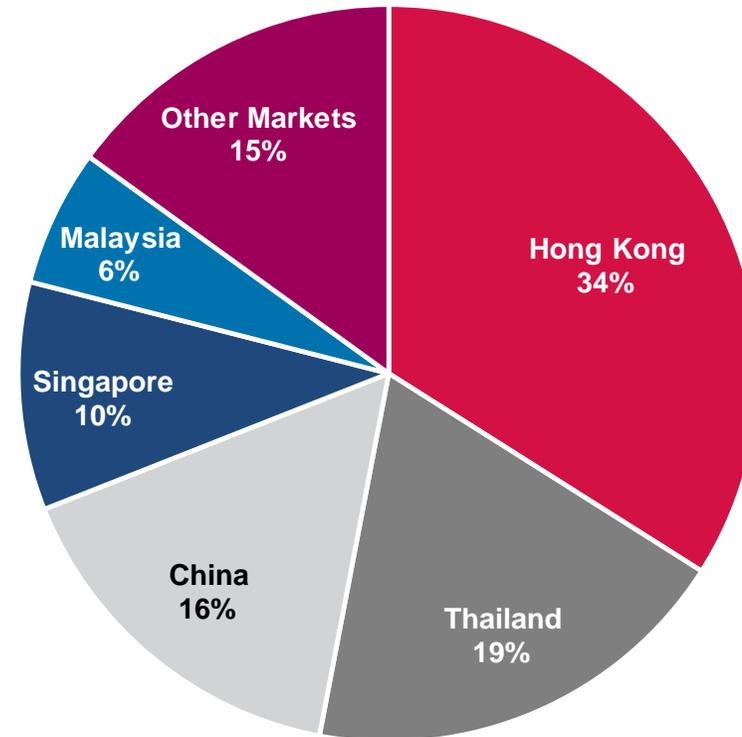
Balanced Product Mix and Diversified Earnings



Sources of IFRS Operating Profit⁽¹⁾



OPAT by Market Segment



Notes:
For 2018
(1) Operating profit before tax and before Group Corporate Centre expenses

AIA China: Unique Proposition



- AIA was founded in Shanghai in 1919
- Re-established presence in China in 1992
- Only wholly-owned, foreign life insurer covering five geographical areas:
 - Beijing
 - Shanghai
 - Shenzhen
 - Guangdong Province
 - Jiangsu Province
- Granted regulatory approval to prepare sales and service centres in:
 - Tianjin
 - Shijiazhuang, Hebei

2017	GDP (US\$b)	Population (m)	GDP per capita (US\$)	Total Life Premium (US\$b)	Life Insurance Penetration
Beijing	413.0	21.7	19,023	23.1	5.6%
Shanghai	444.4	24.2	18,381	17.1	3.8%
Shenzhen	330.9	12.5	26,416	11.0	3.3%
Guangdong ex-Shenzhen	994.7	99.2	10,031	36.2	3.6%
Jiangsu	1,267.0	80.3	15,780	38.9	3.1%
Aggregate	3,450.1	237.9	14,504	126.3	3.7%
Tianjin	274.3	15.6	17,615	6.2	2.3%
Hebei	530.4	75.2	7,054	18.1	3.4%
of which Shijiazhuang	95.3	10.9	8,759	4.3	4.5%

AIA China: Differentiated Strategy and Execution



Premier Agency Strategy

VONB per Agent⁽¹⁾

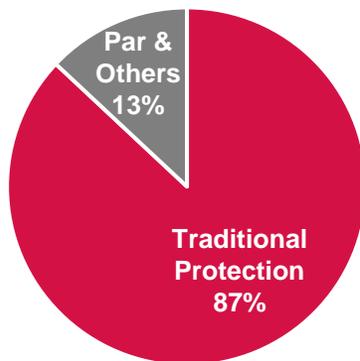
AIA China vs. Industry



High-quality Growth Portfolio

2018 Product Mix

% of VONB



Digital Enablement



100%

Digital adoption ratio

<5 seconds

Online underwriting time

~30 minutes

Case closing time
(reduced from 5 days)

#1 NPS

2nd consecutive year among major players in China⁽²⁾



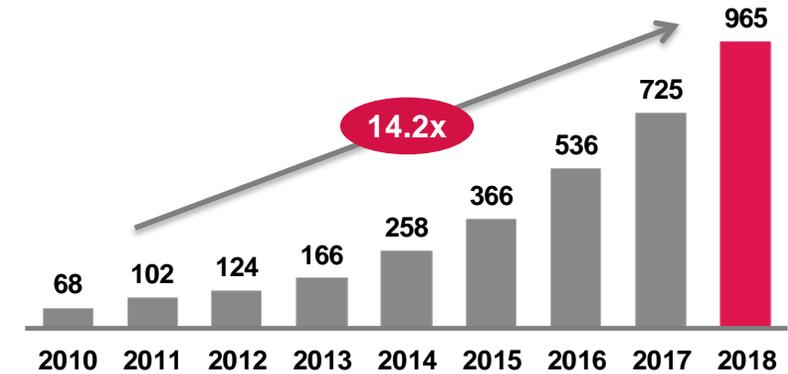
46%

Expense ratio reduction since IPO

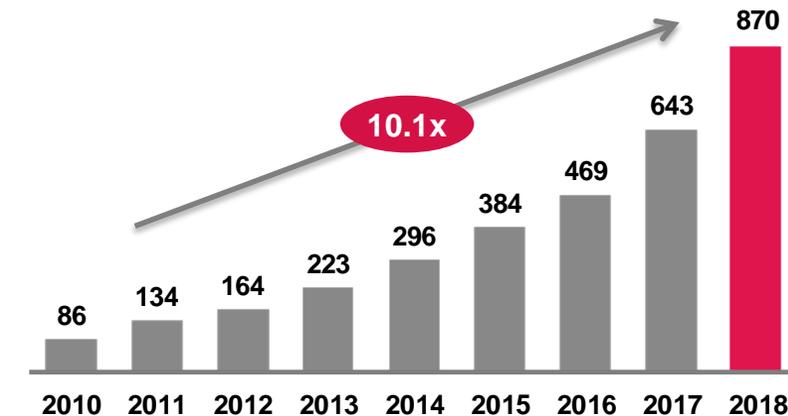


Sustained Outperformance

VONB (\$m)



OPAT (\$m)



Notes:

(1) Industry statistics based on latest company reports

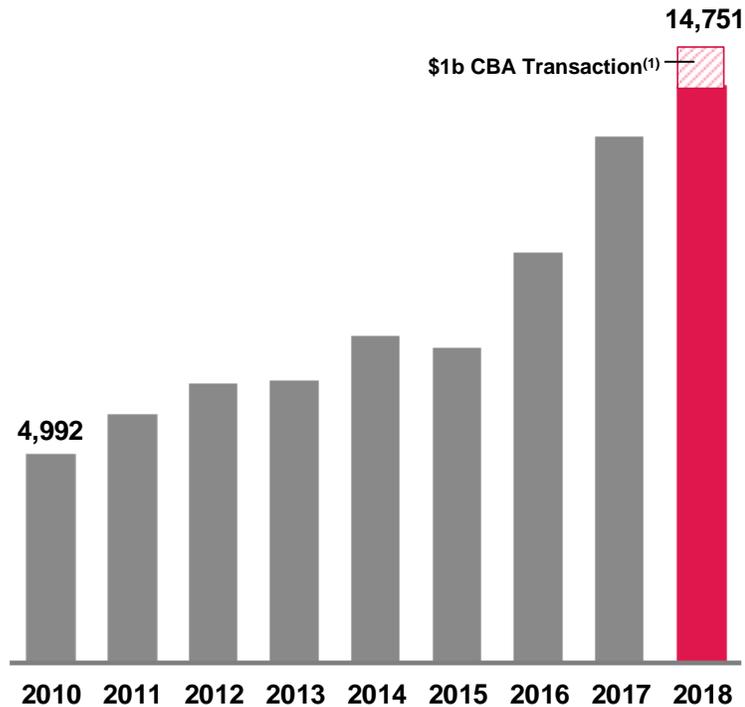
(2) Ipsos China (2018)

Uses of Underlying Free Surplus Generation



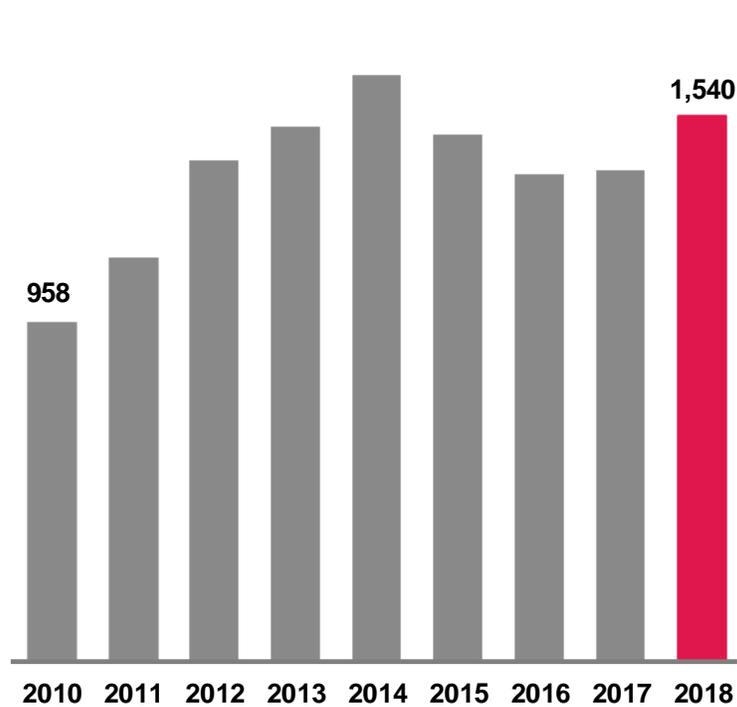
Maintain Strong Balance Sheet through Capital Market Stress

Free Surplus (\$m)



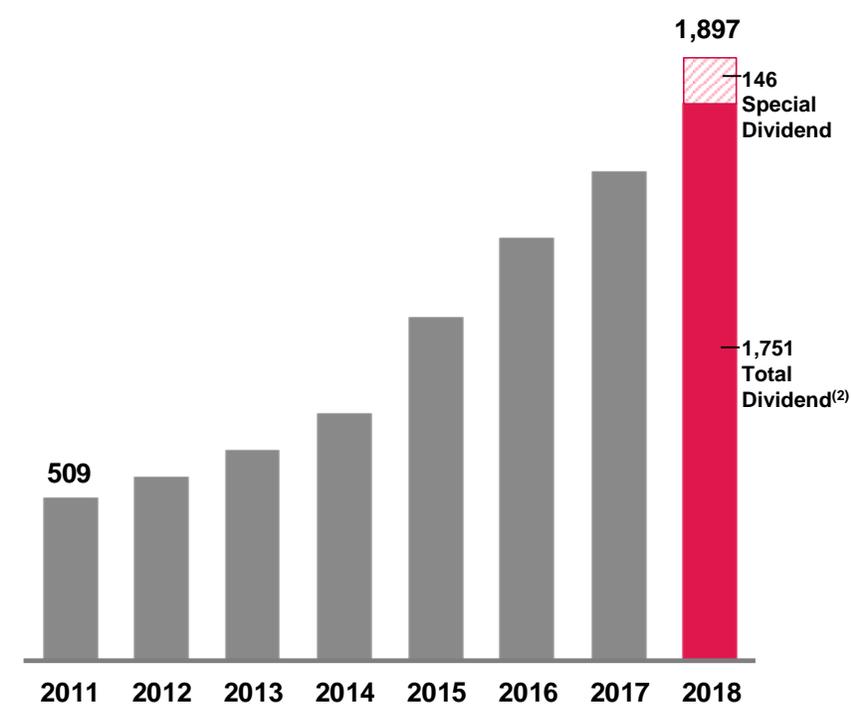
Reinvest Capital in Profitable New Business Growth

New Business Investment (\$m)



Pay Prudent, Sustainable and Progressive Dividend

Total⁽²⁾ and Special Dividend (\$m)



Notes:

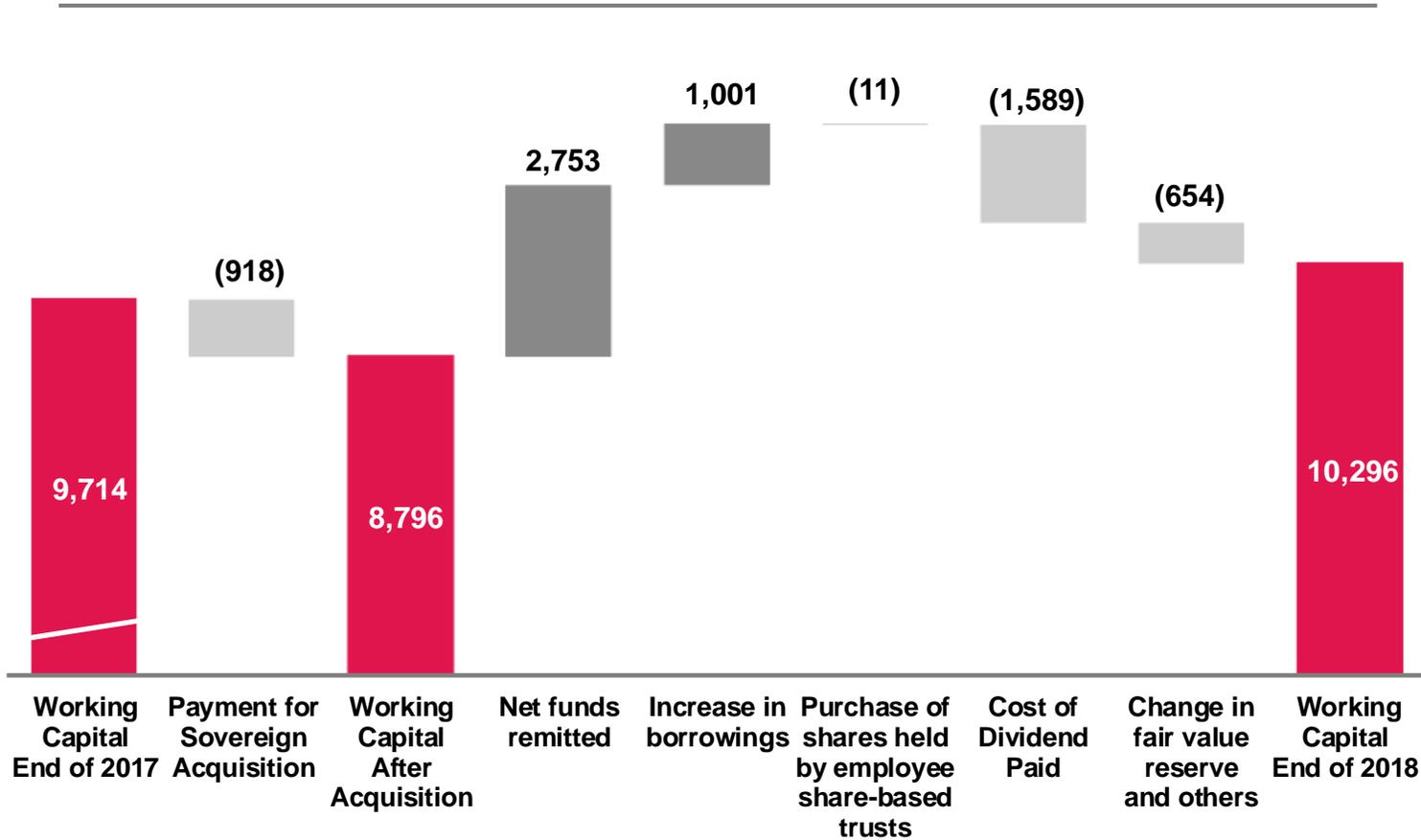
(1) On 2 July 2018, AIA completed the acquisition of Sovereign Assurance Company Limited in New Zealand while the acquisition of CommInsure Life in Australia remains in progress, subject to securing all necessary regulatory and governmental approvals

(2) Total dividend excluding special dividend

Resilient Working Capital Position



Working Capital Movement (\$m)



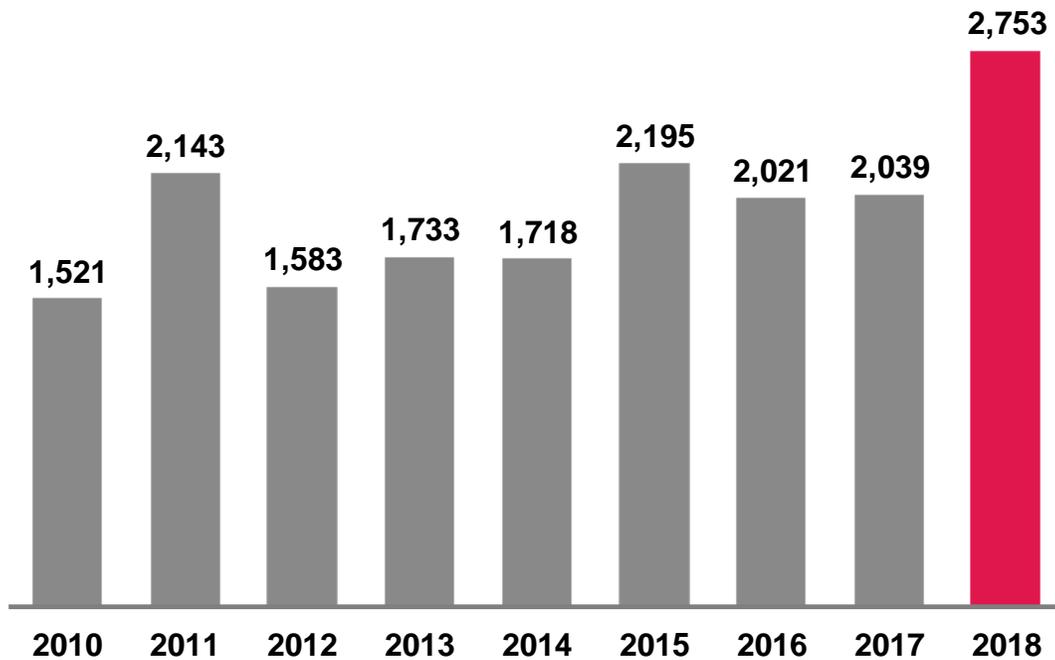
Resilient Position

- Working capital of \$10.3b
- Net funds remitted of \$2.8b
- China remitted \$542m; up from \$207m in 2017
- Included a special remittance from New Zealand; partly offset by lower remittance from Thailand
- Leverage ratio of 11.2%

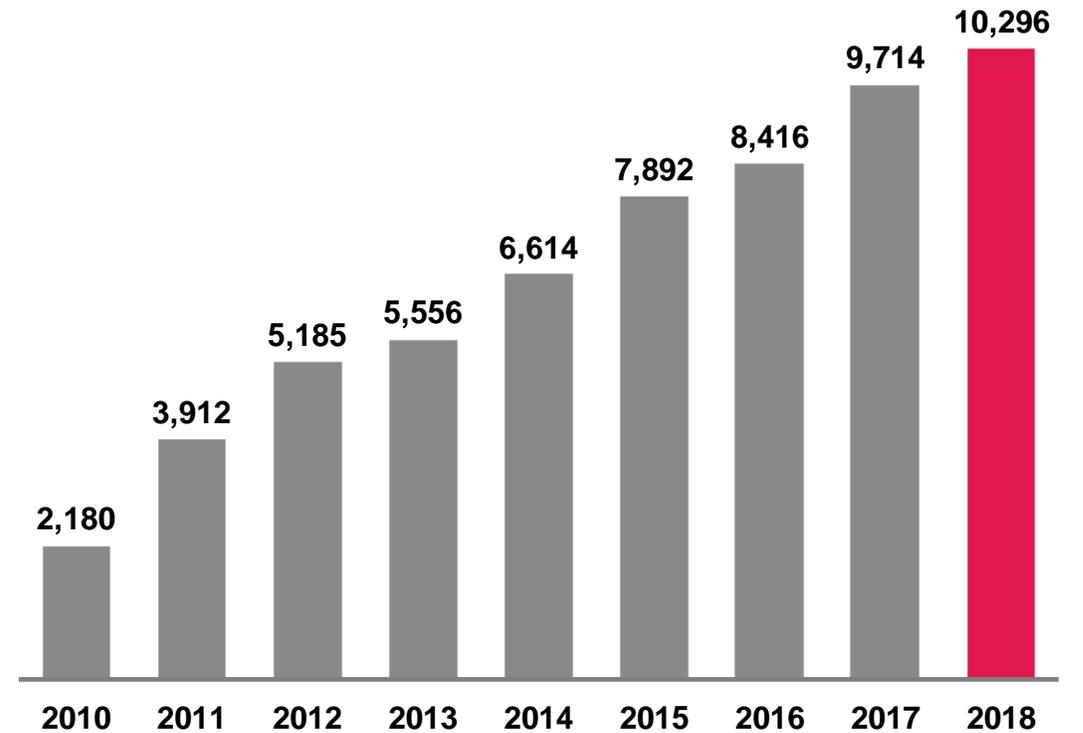
Capital Fungibility



Net Funds Remitted to Group (\$m)



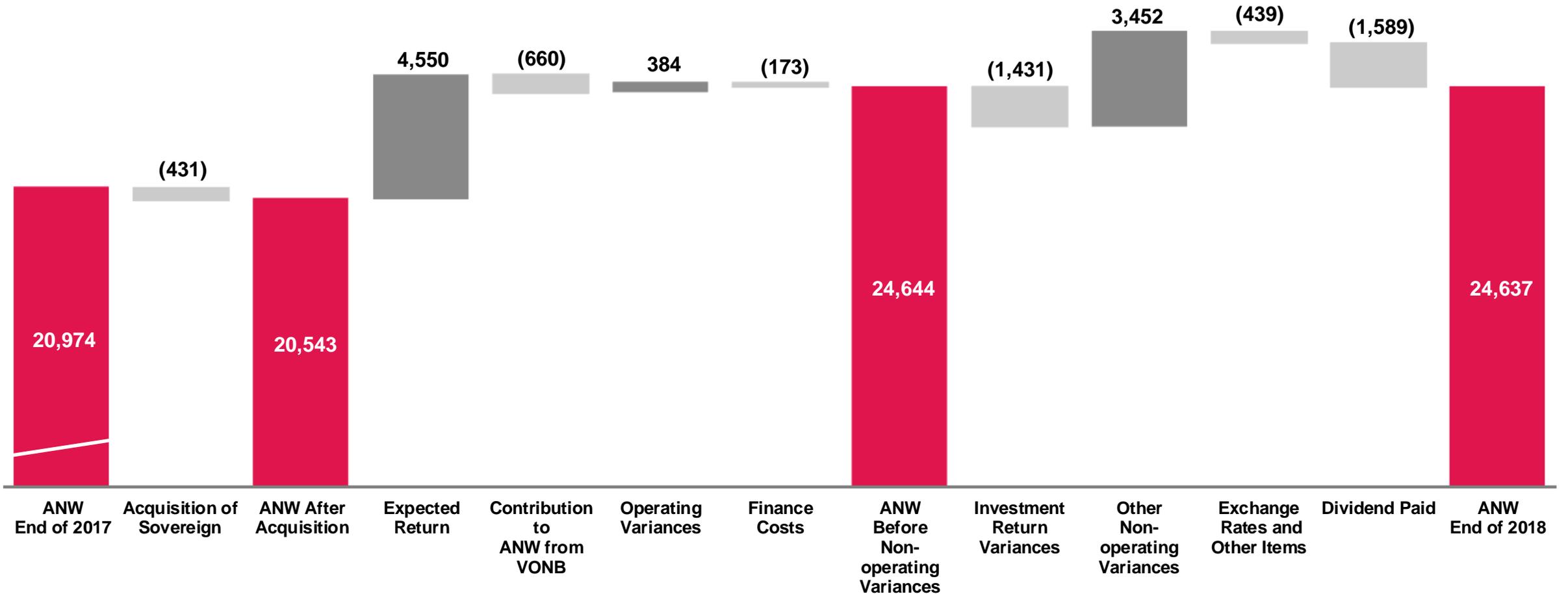
Group Working Capital (\$m)



2018 ANW Movement



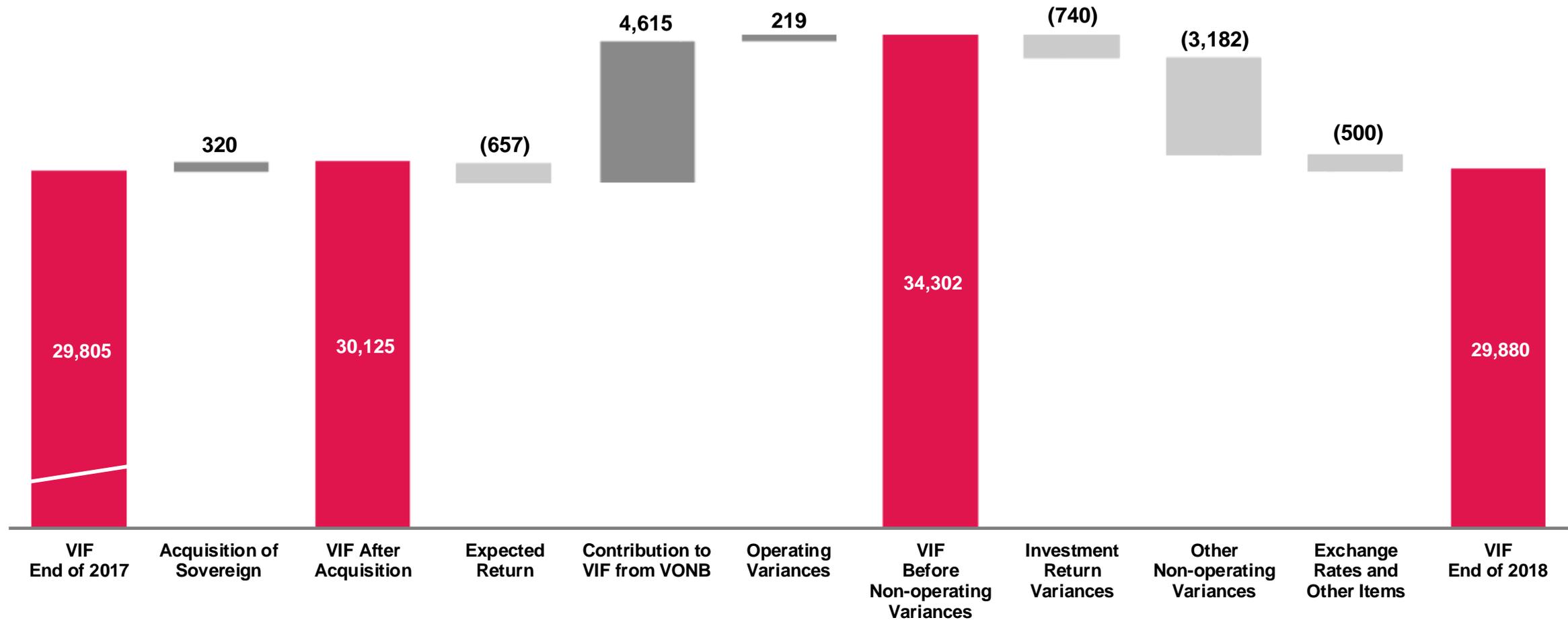
ANW Movement (\$m)



2018 VIF Movement



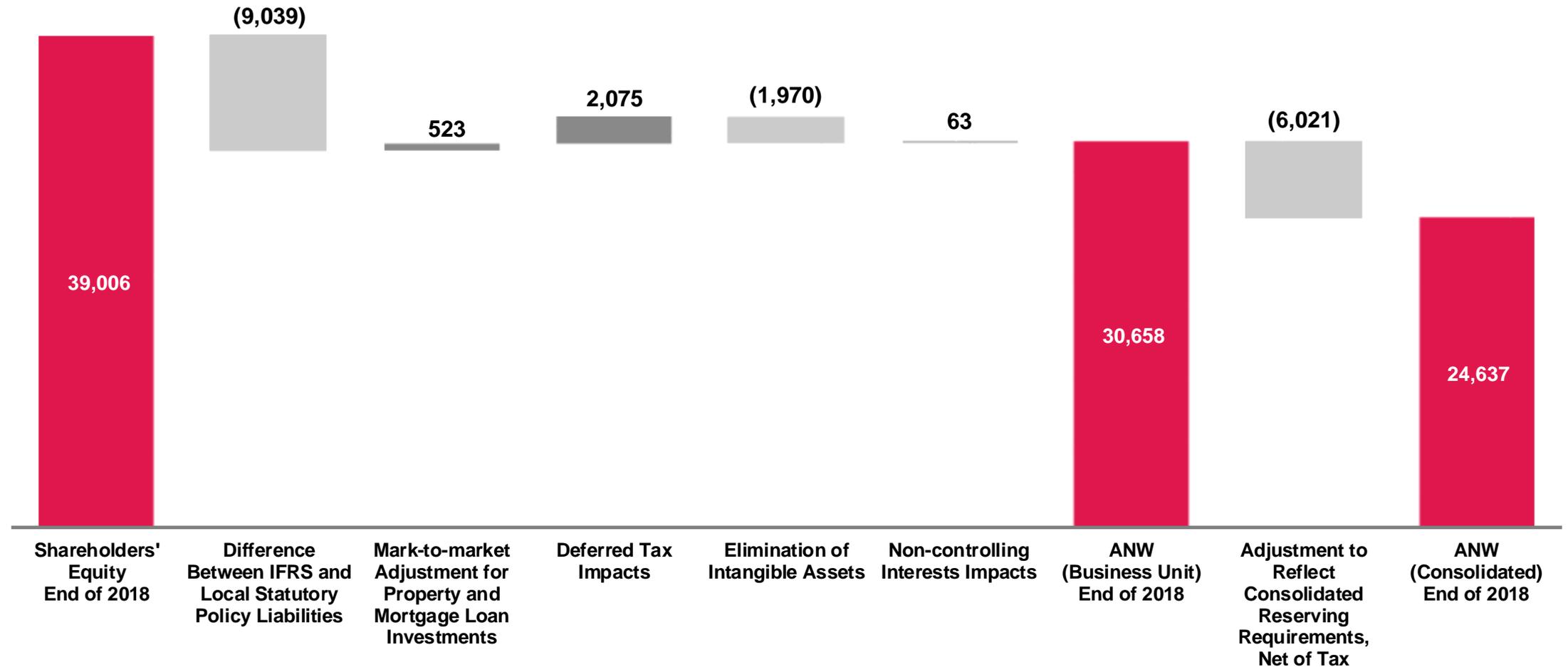
VIF Movement (\$m)



2018 IFRS Shareholders' Equity and ANW



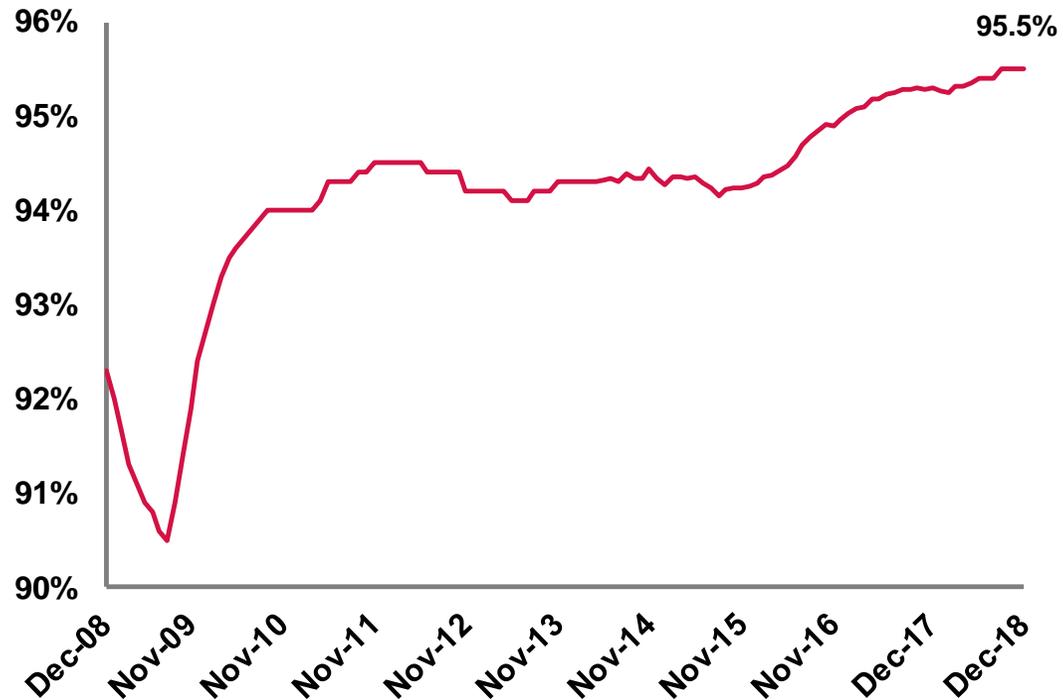
Reconciliation of IFRS Shareholders' Equity to ANW (\$m)



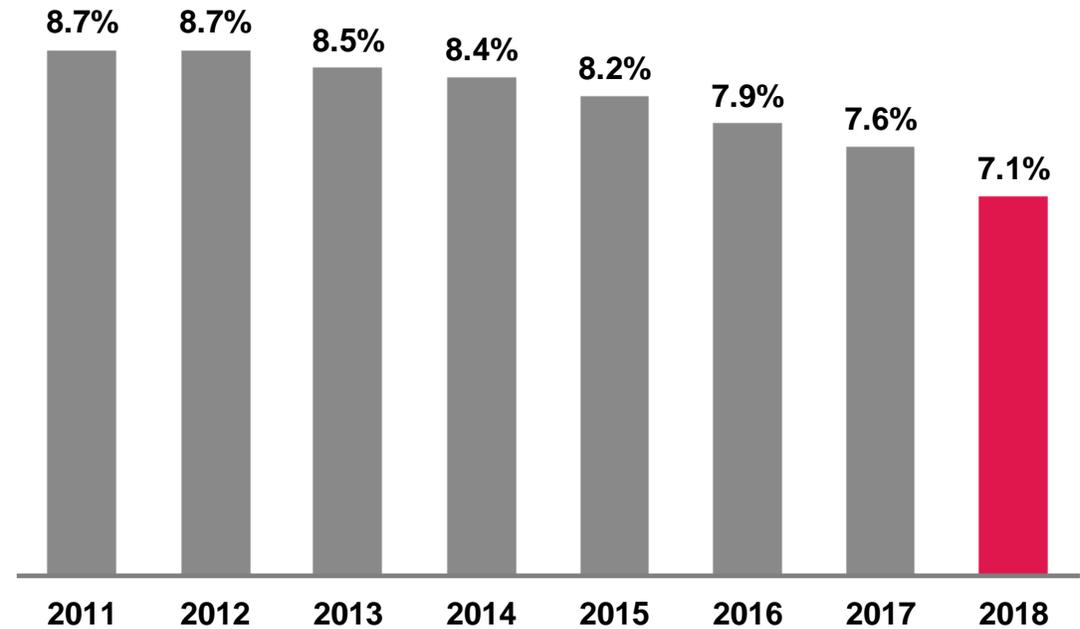
Value Creation from Quality Operating Performances



Stable Persistency Rate



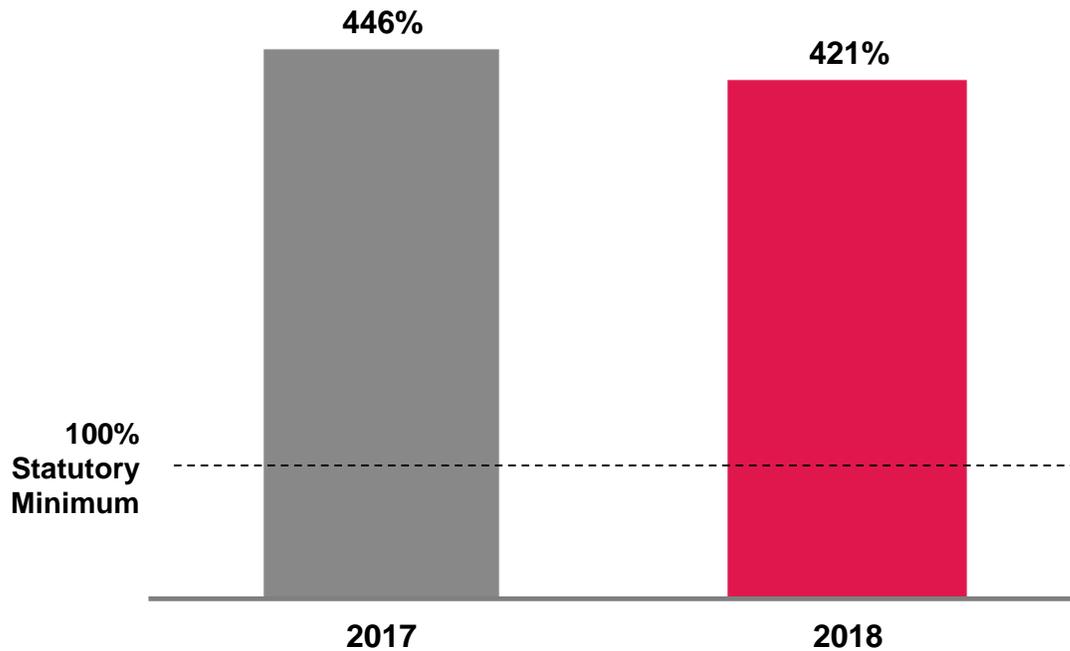
Expense Ratio



Solvency Ratio of 421% for AIA Co.



Solvency Ratio
on the HKIO Basis for AIA Co.



Resilient Solvency Position

- Strong growth in retained earnings
- Reflected acquisition of Sovereign, subsidiarisation of AIA Korea and dividends to AIA Group Limited
- Negative mark-to-market movements on assets and reserves
- S&P rating of AA-, Moody's rating of Aa2 and Fitch rating of AA for AIA Co.

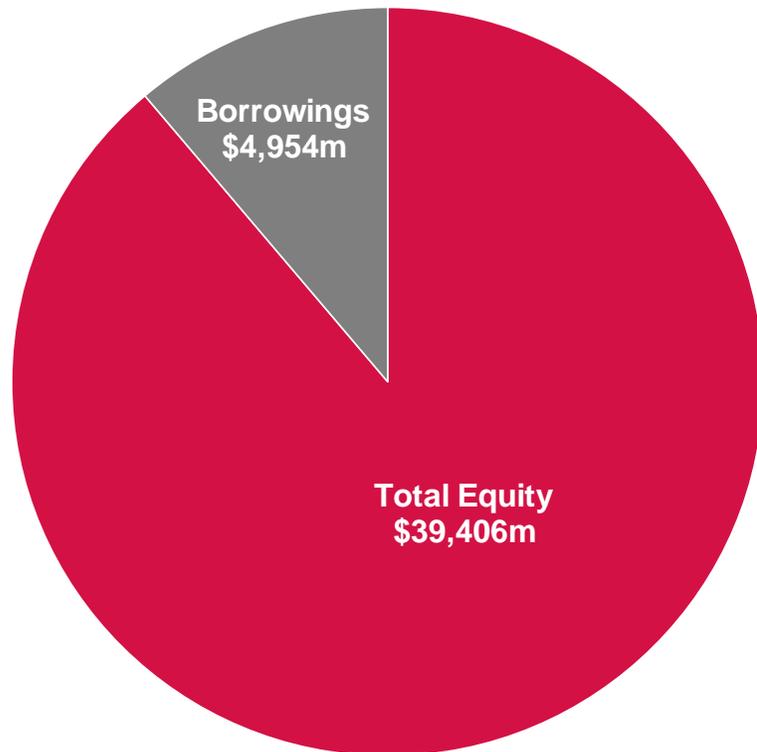
Robust Capital Structure



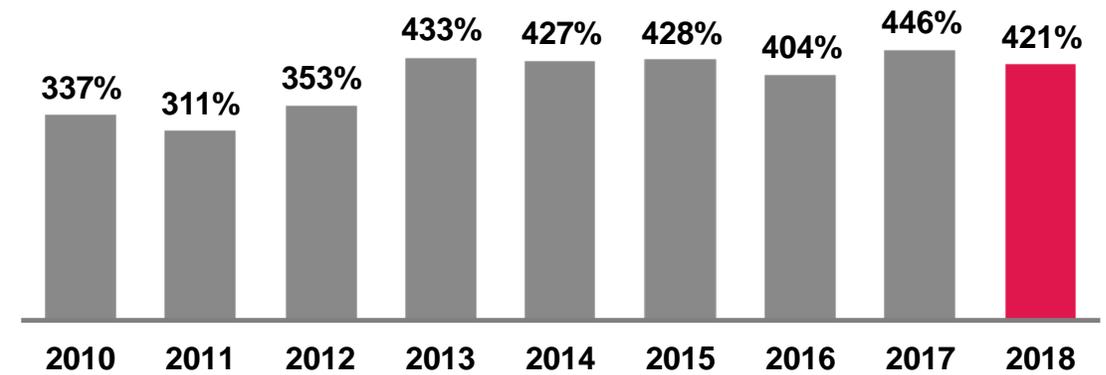
AIA Capital Structure

2018 Leverage Ratio⁽¹⁾

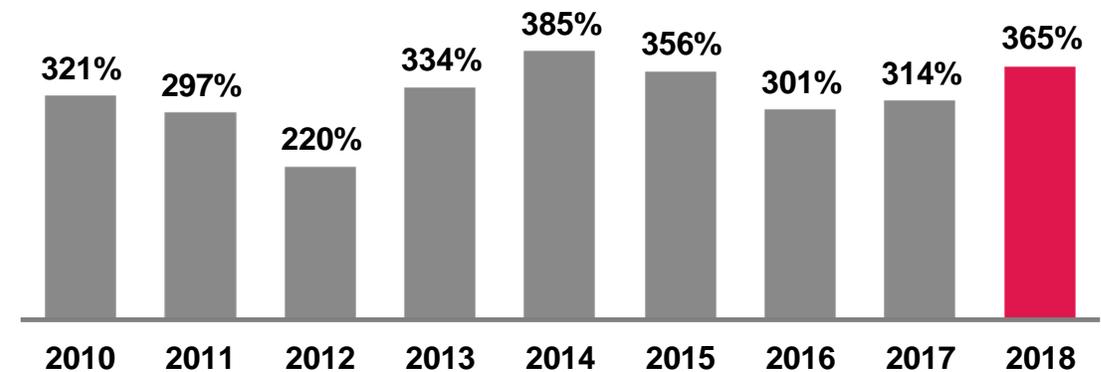
11.2%



Solvency Ratio on the HKIO Basis for AIA Co.



Solvency Ratio on the HKIO Basis for AIA International



Note:

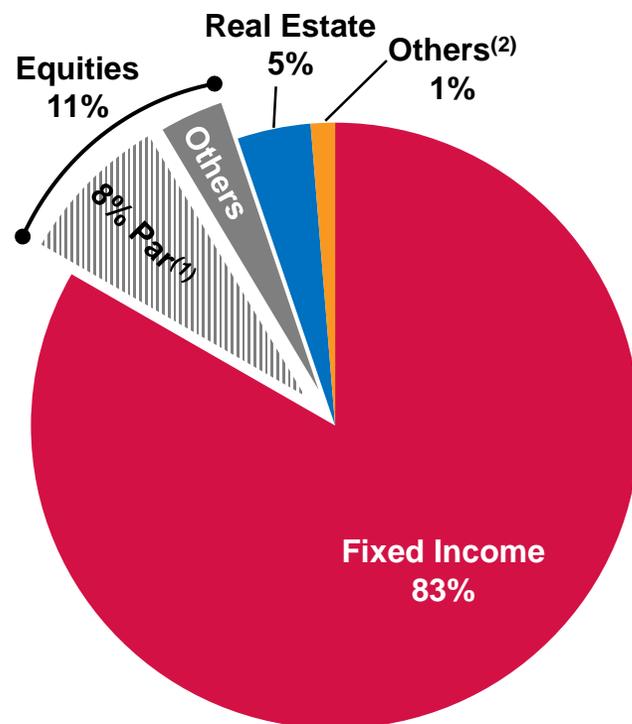
(1) Leverage ratio defined as Borrowings / (Borrowings + Total Equity)

Reconciliation of OPAT to Net Profit



Total Investments by Type

Total Invested Assets \$171.3b



Enhanced Investment Disclosures

- Majority of equity investments are held in Par funds
- Previously Par investments included only Par funds with segregated statutory fund
- Enhanced disclosure of Par now includes Other Par with segregated assets and explicit statutory reserves
- Net profit includes full mark-to-market movements of equities in Other Par
- However, net profit has no offset from corresponding liabilities for Other Par
- OPAT better reflects underlying performance from our business**

Reconciliation of OPAT to Net Profit

(\$m)	2017	2018
OPAT	4,635	5,298
Short-term fluctuations ⁽³⁾ in		
Par Equities	1,213	(1,800)
Others	827	(263)
Total	2,040	(2,063)
Other items ⁽⁴⁾	(179)	(638)
Net Profit	6,496	2,597

Notes:

As of 31 December 2018

(1) Including Participating funds and Other participating business with distinct portfolios

(2) Cash and cash equivalents and derivatives

(3) Short-term fluctuations in investment return related to equities and real estate

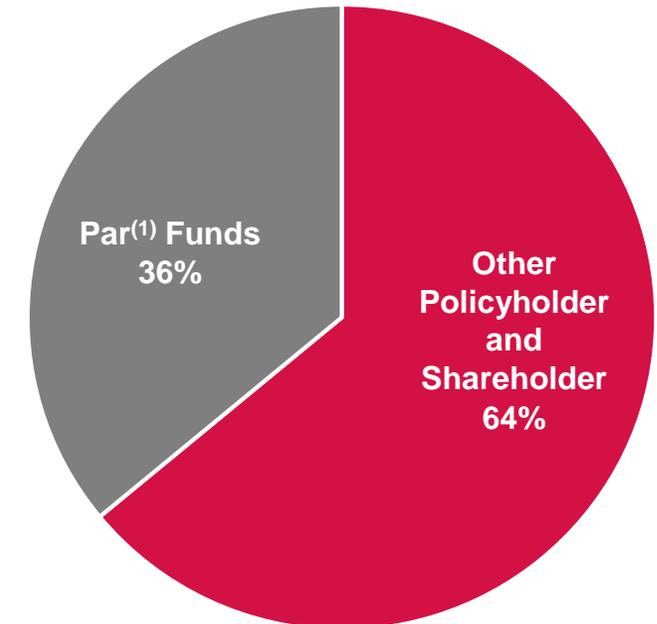
(4) Other non-operating investment return and other items

Total Invested Assets



	Par ⁽¹⁾ Funds	Other Policyholder and Shareholder	Total
Fixed Income	46,483	96,284	142,767
Equities	13,892	5,789	19,681
Real Estate	888	5,794	6,682
Others⁽²⁾	543	1,664	2,207
Total Invested Assets	61,806	109,531	171,337

Total Invested Assets \$171.3b



Notes:

As of 31 December 2018

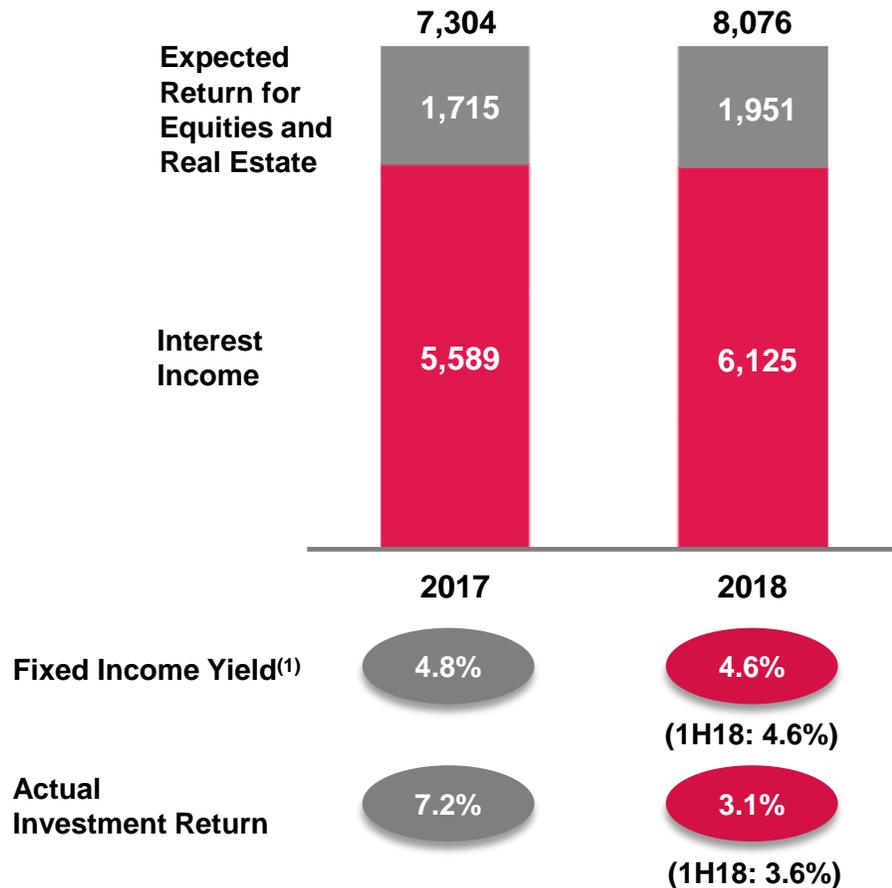
(1) Including Participating funds and Other participating business with distinct portfolios

(2) Cash and cash equivalents and derivatives

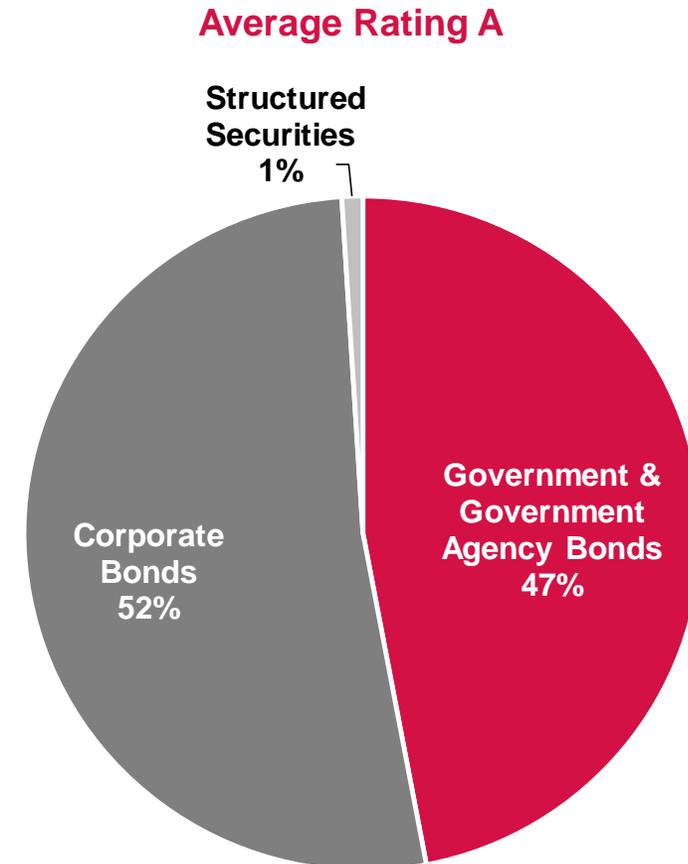
Prudent Investment Portfolio Summary



IFRS Operating Profit Investment Return (\$m)



Total Bond Portfolio of \$135b



Notes:

IFRS operating profit investment return comparatives are shown on a constant exchange rate basis

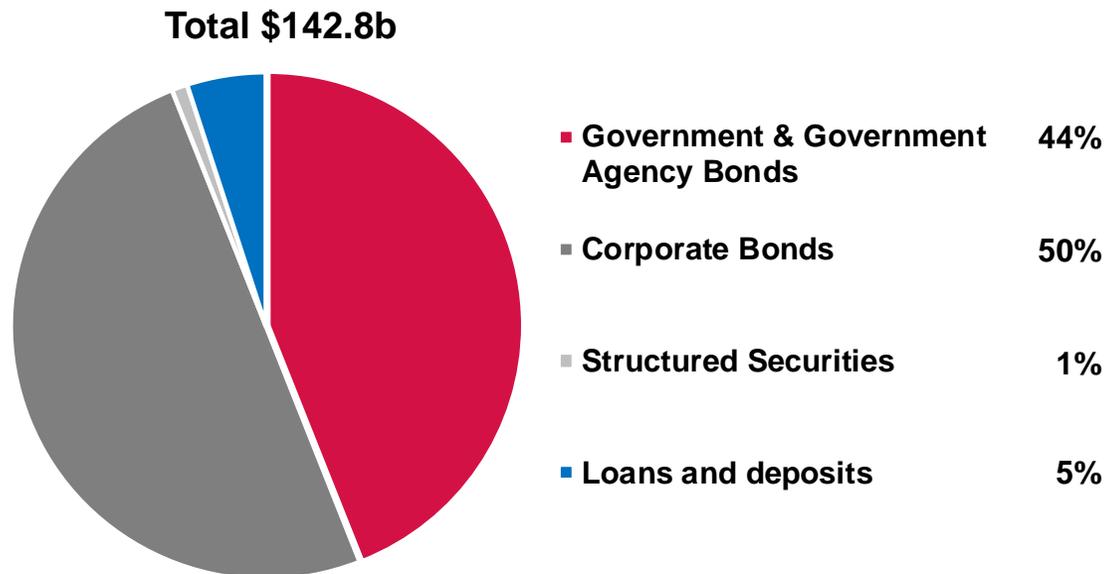
Total bond portfolio as of 31 December 2018

(1) Interest income from fixed income investments, as a percentage of average fixed income investments measured at amortised cost over the period. This excludes unit-linked contracts and consolidated investment funds

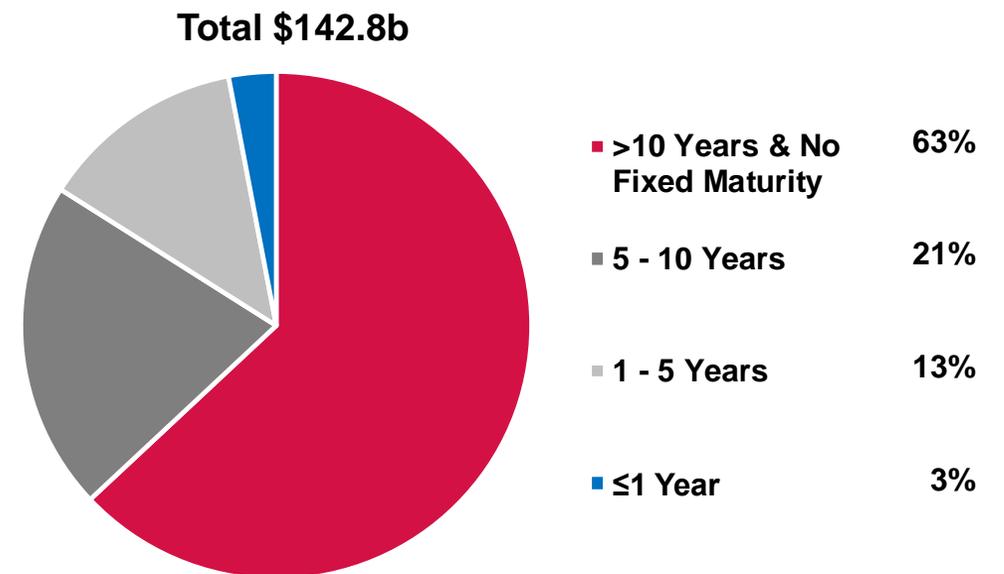
Prudent and High-quality Fixed Income Portfolio



Total Fixed Income by Type



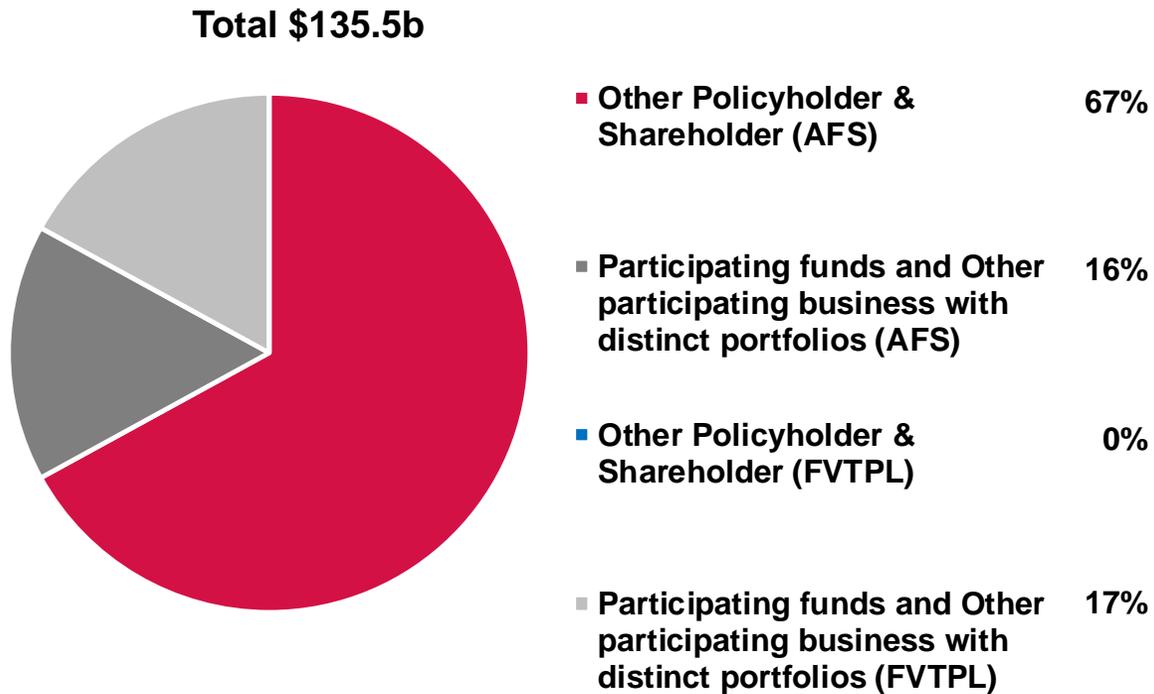
Total Fixed Income by Maturity



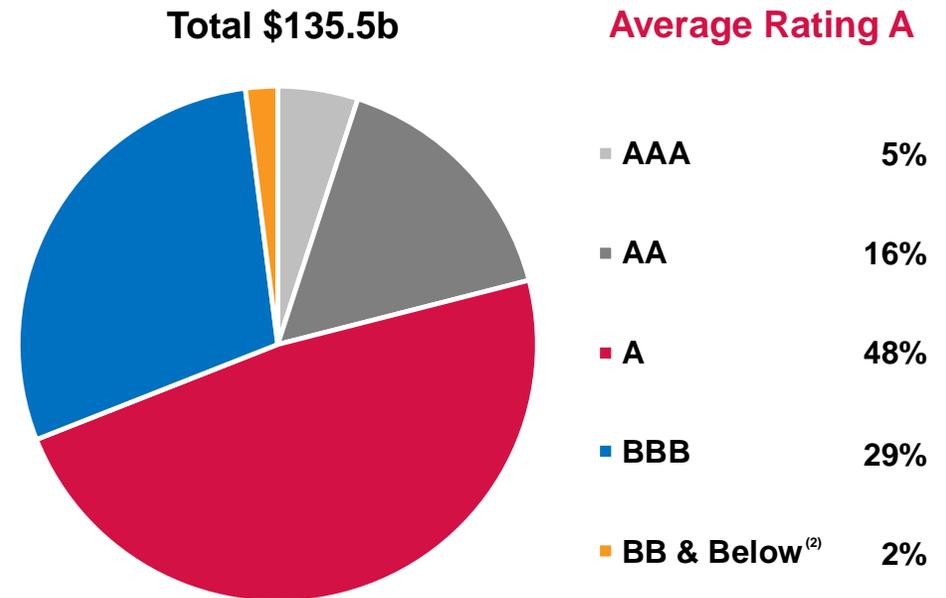
Prudent and High-quality Fixed Income Portfolio



Total Bonds by Accounting Classification



Total Bonds by Rating⁽¹⁾



Notes:

As of 31 December 2018

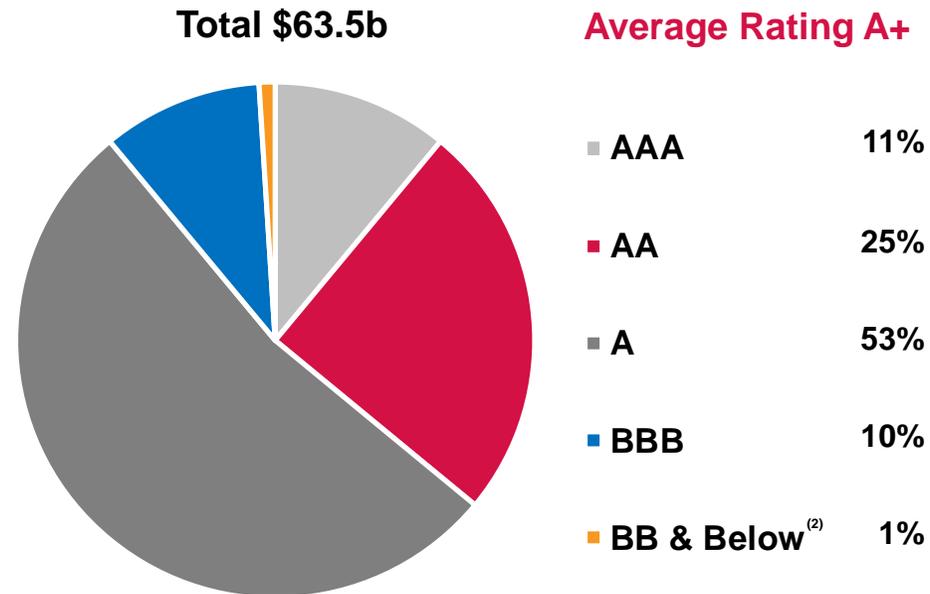
(1) For government bonds and government agency bonds, ratings for local currency and foreign currency securities for the same issuer are included separately

(2) Including not rated bonds

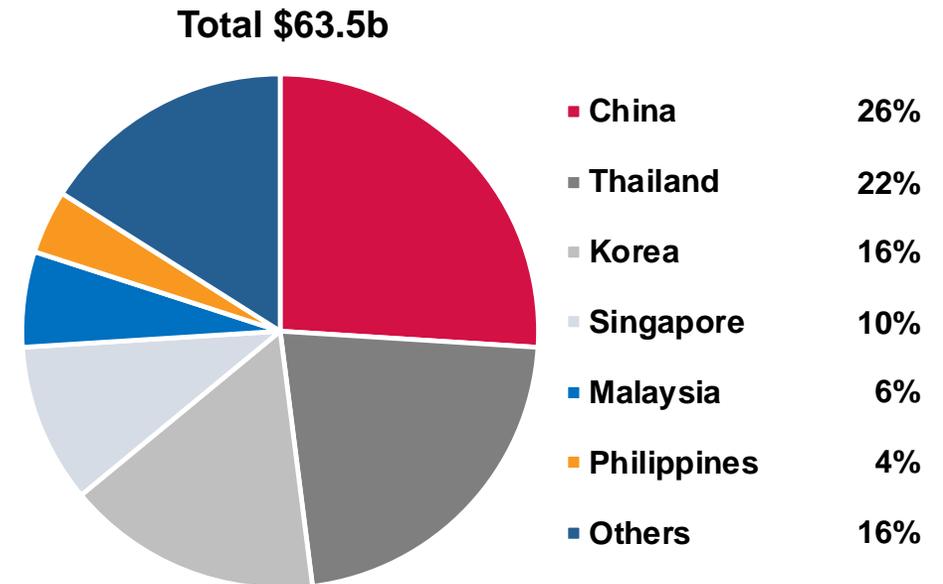
Government Bond Portfolio



Government and Agency Bonds by Rating⁽¹⁾



Government and Agency Bonds by Geography



Notes:

As of 31 December 2018

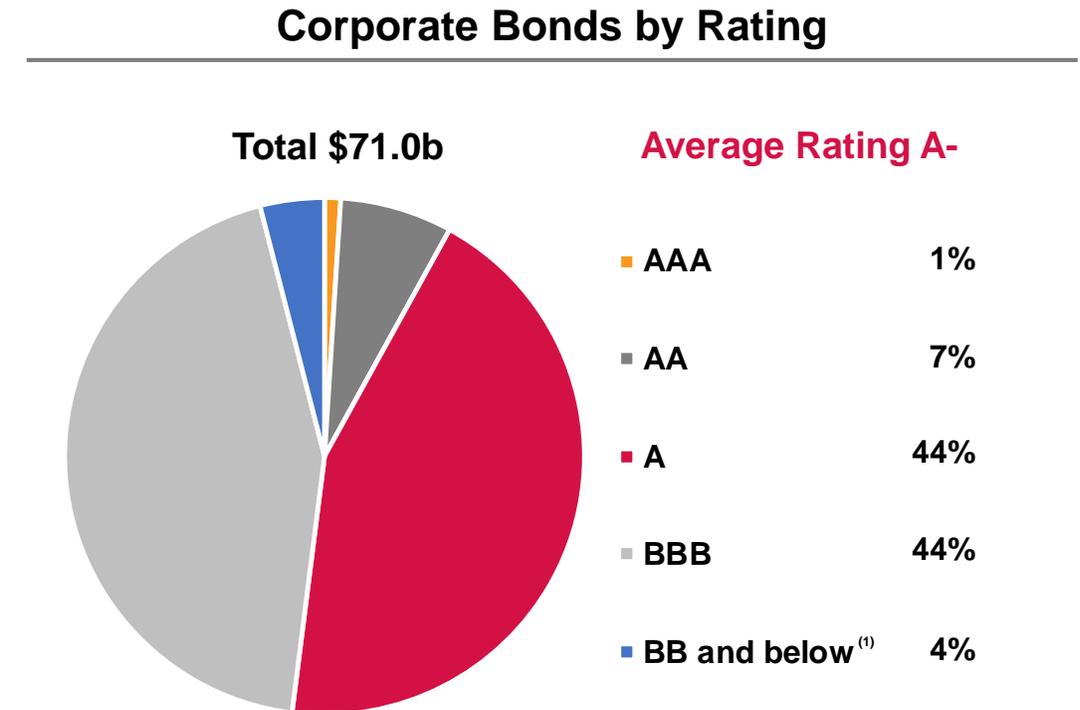
(1) For government bonds and government agency bonds, ratings for local currency and foreign currency securities for the same issuer are included separately

(2) Including not rated bonds

Corporate Bond Portfolio



Rating	Total (\$m)
AAA	589
AA	5,294
A	30,996
BBB	31,614
BB and below ⁽¹⁾	2,533
Total	71,026



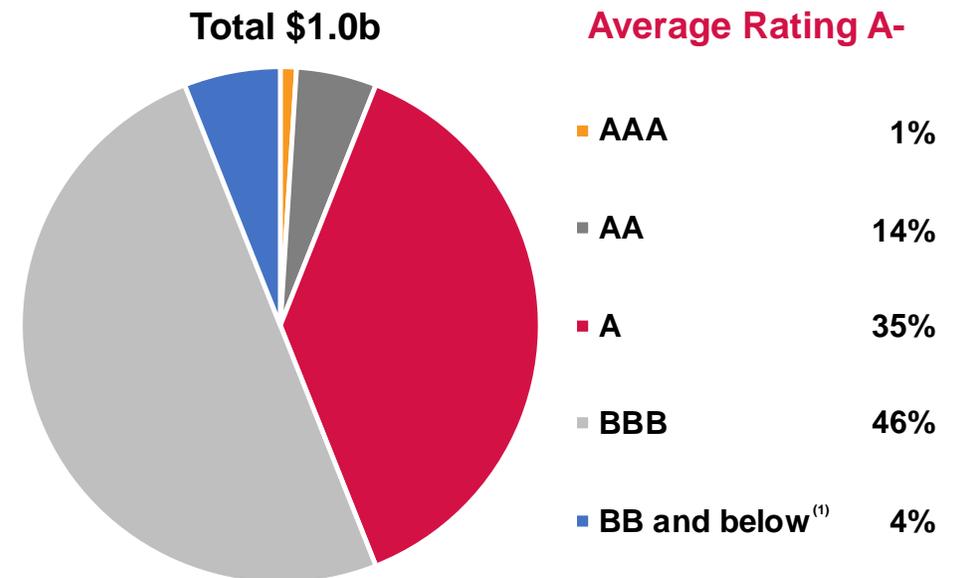
Notes:
As of 31 December 2018
(1) Including not rated bonds

Structured Security Portfolio



Rating	Total (\$m)
AAA	10
AA	140
A	351
BBB	453
BB and below ⁽¹⁾	38
Total	992

Structured Securities by Rating

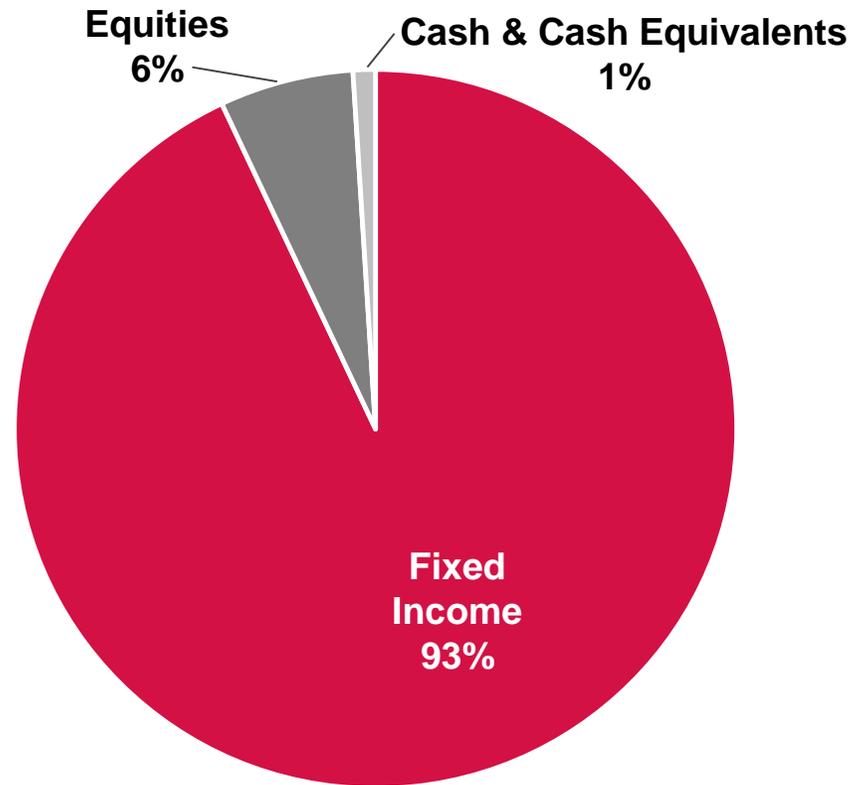


Notes:
As of 31 December 2018
(1) Including not rated bonds

AIA China – Prudent Investment Portfolio



AIA China Invested Asset Mix



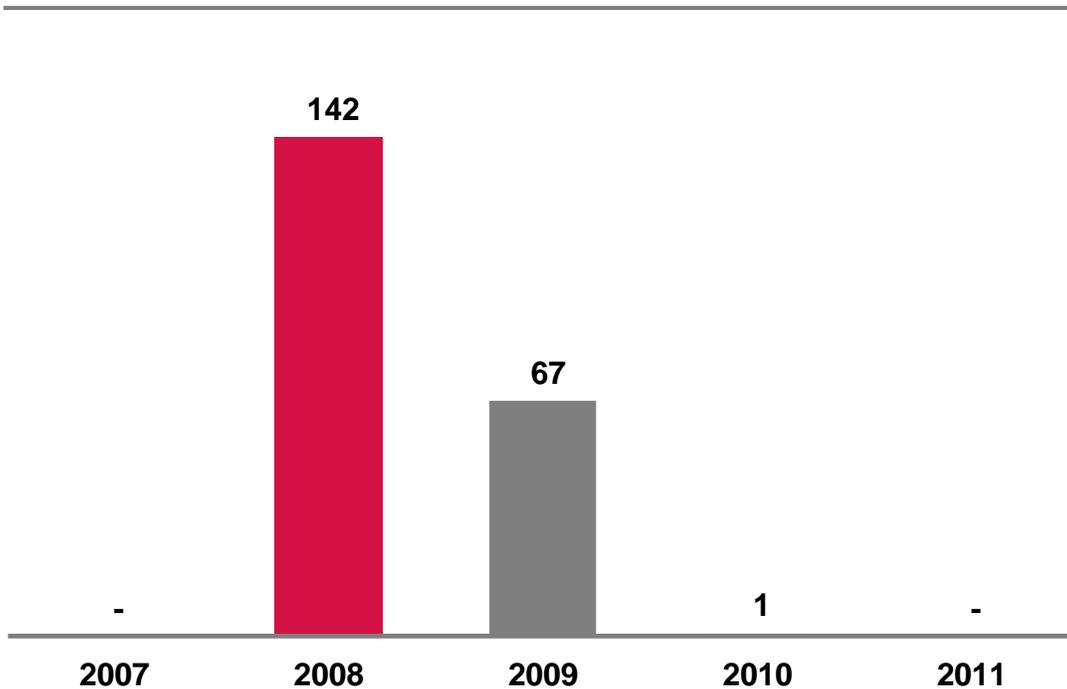
Prudent ALM Approach

- Asset allocation driven by liability cash flow matching in local currency
- Over 80% of earnings from insurance and fees
- Over 90% of invested assets in fixed income
- 88% of bond portfolio in government and government agency bonds
- Bond portfolio average international rating A+
- Asset portfolio well diversified with insignificant alternative assets

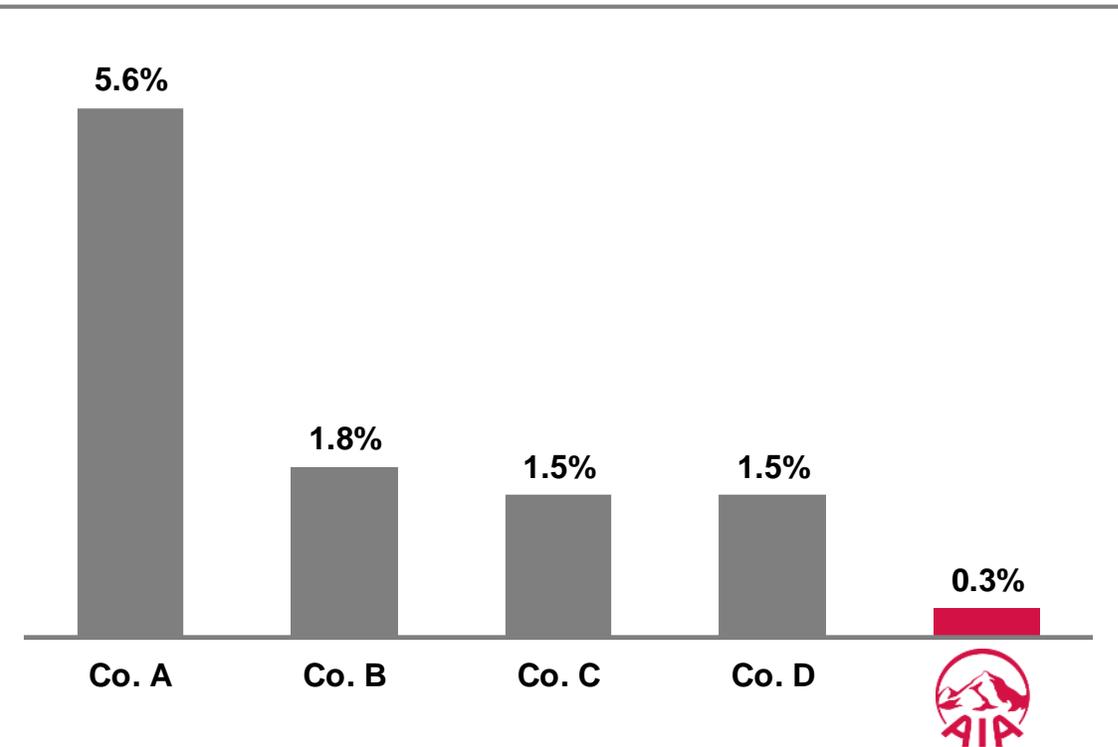
Impairment Experience During Global Financial Crisis



AIA Impairments on Invested Assets (\$m)



2008 Impairment Charges as % of Invested Assets



Risk Discount Rate and Risk Premium



%	As at 30 November 2010			As at 31 December 2018		
	Risk Discount Rates	Long-term 10-year Govt Bonds	Risk Premium	Risk Discount Rates	Long-term 10-year Govt Bonds	Risk Premium
Australia ⁽¹⁾	8.75	5.65	3.10	7.35	3.00	4.35
China	10.00	3.74	6.26	9.75	3.70	6.05
Hong Kong	8.00	3.53	4.47	7.50	3.00	4.50
Indonesia	15.00	7.90	7.10	13.00	7.50	5.50
Korea	10.50	4.82	5.68	8.60	2.70	5.90
Malaysia	9.00	4.45	4.55	8.75	4.20	4.55
New Zealand	9.00	6.13	2.87	7.75	3.50	4.25
Philippines	13.00	6.00	7.00	11.80	5.30	6.50
Singapore	7.75	2.93	4.82	7.10	2.70	4.40
Sri Lanka ⁽²⁾	-	-	-	15.70	10.00	5.70
Taiwan	8.00	1.73	6.27	7.85	1.60	6.25
Thailand	9.50	3.87	5.63	8.60	3.20	5.40
Vietnam	16.00	10.20	5.80	11.80	6.00	5.80
Weighted Average⁽³⁾	8.95	3.85	5.10	8.40	3.35	5.05

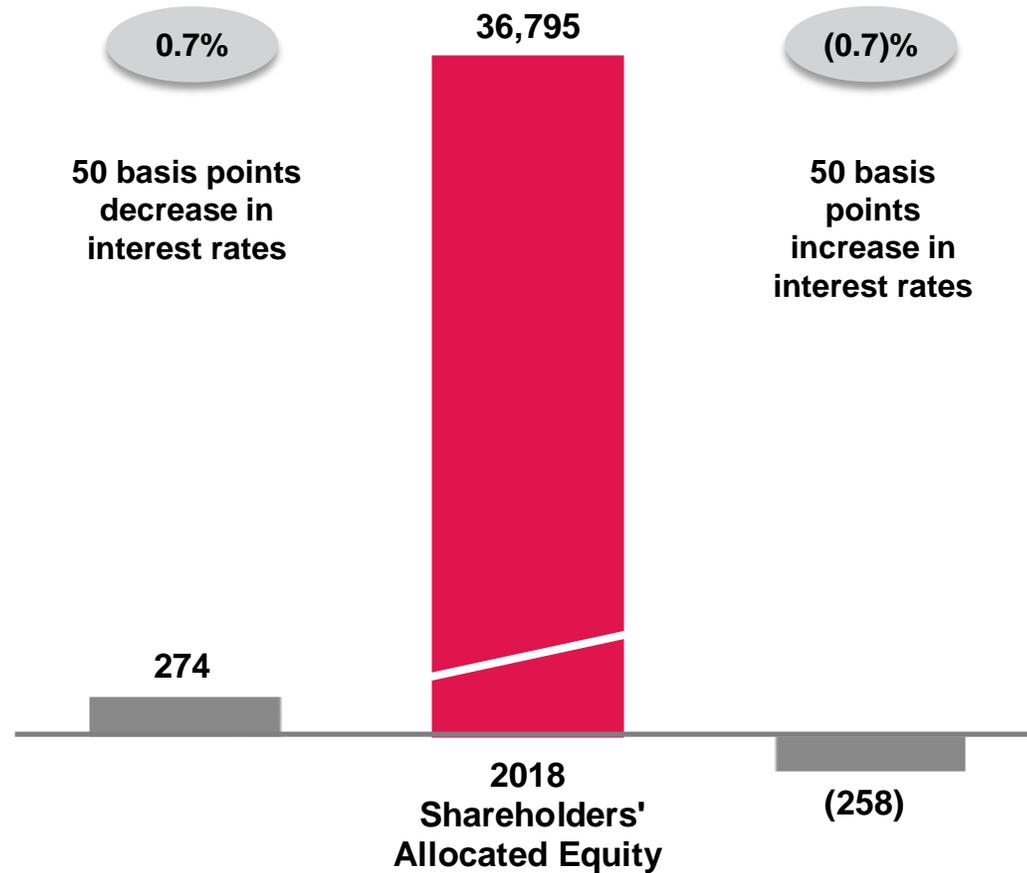
Notes:

- (1) Excluding New Zealand
- (2) Sri Lanka is included since the acquisition completion date of 5 December 2012
- (3) Weighted average by VIF contribution

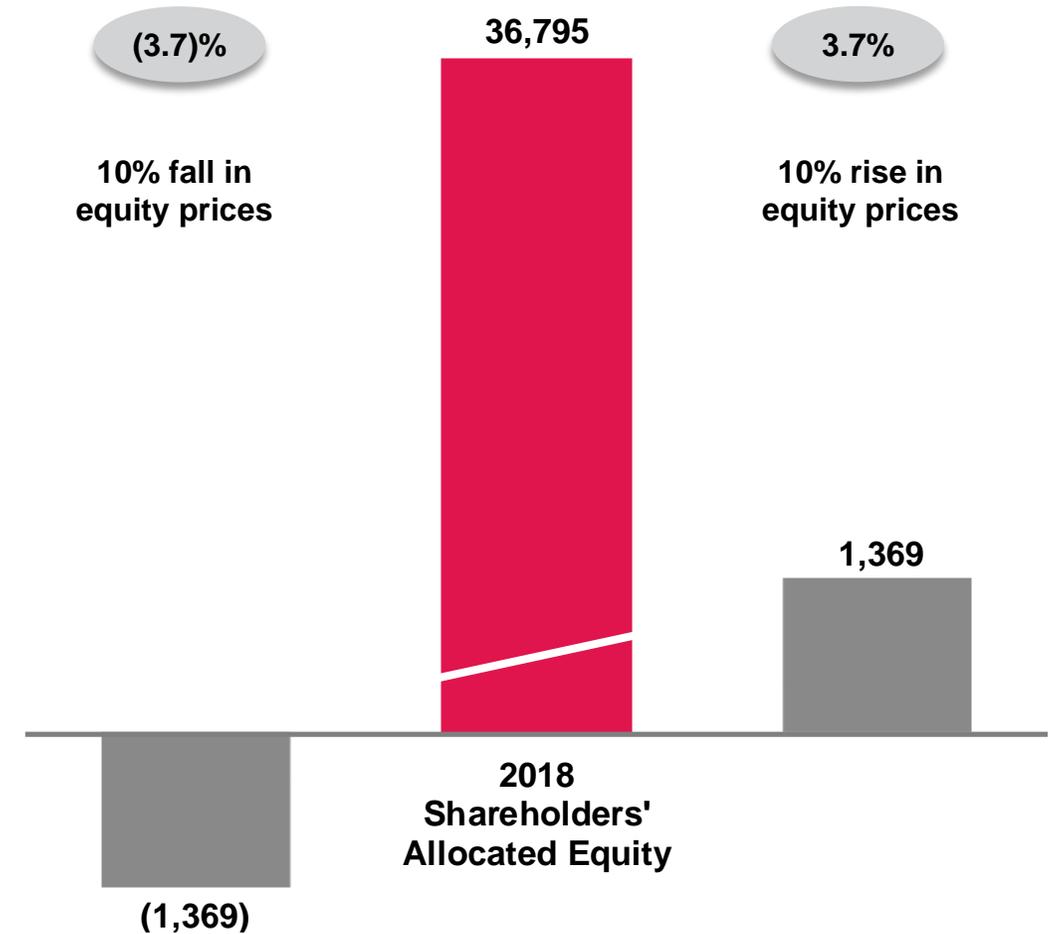
Sensitivity Analysis – Shareholders’ Allocated Equity



Interest Rates (\$m)



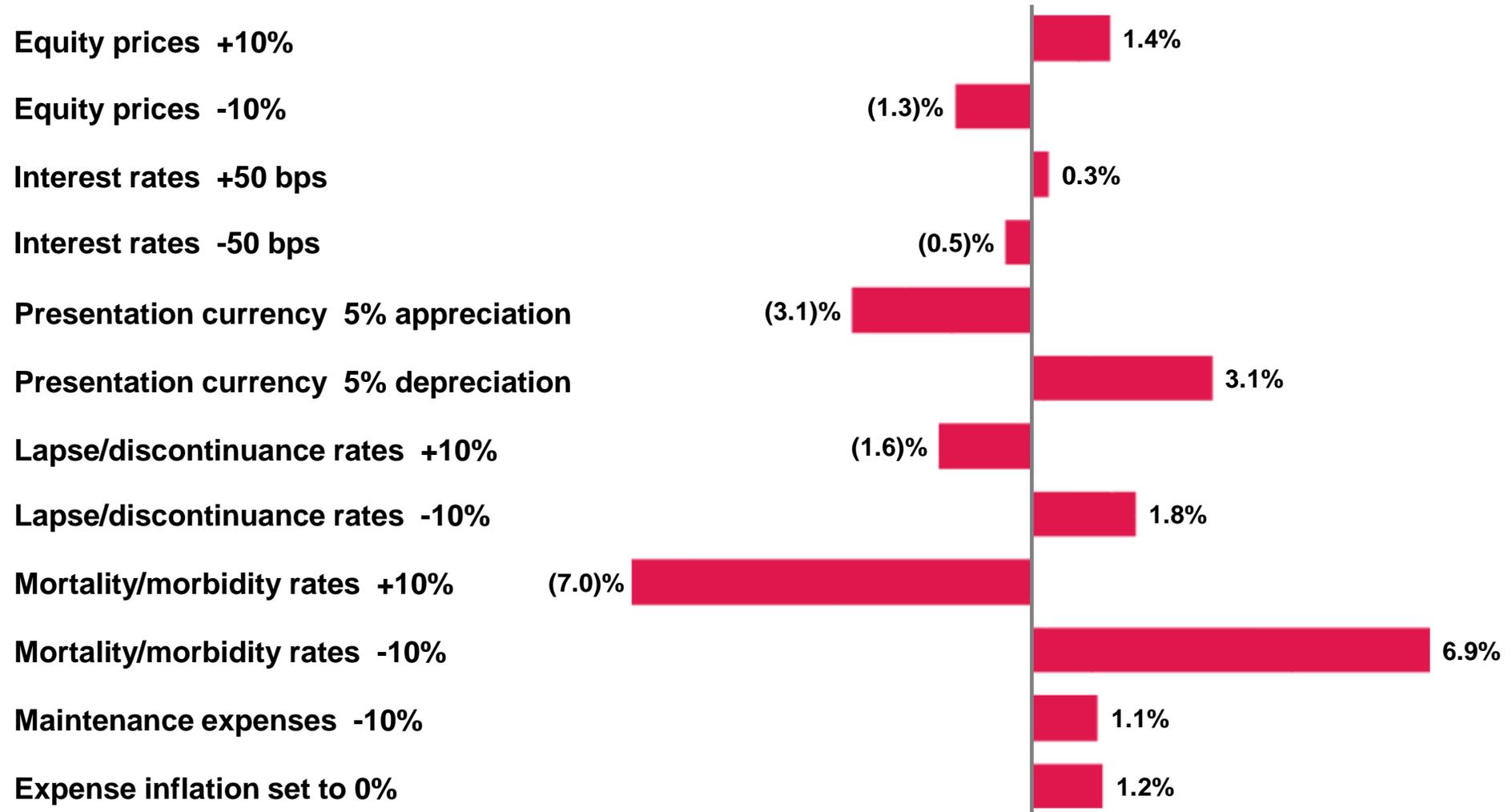
Equities (\$m)



Sensitivity Analysis – EV



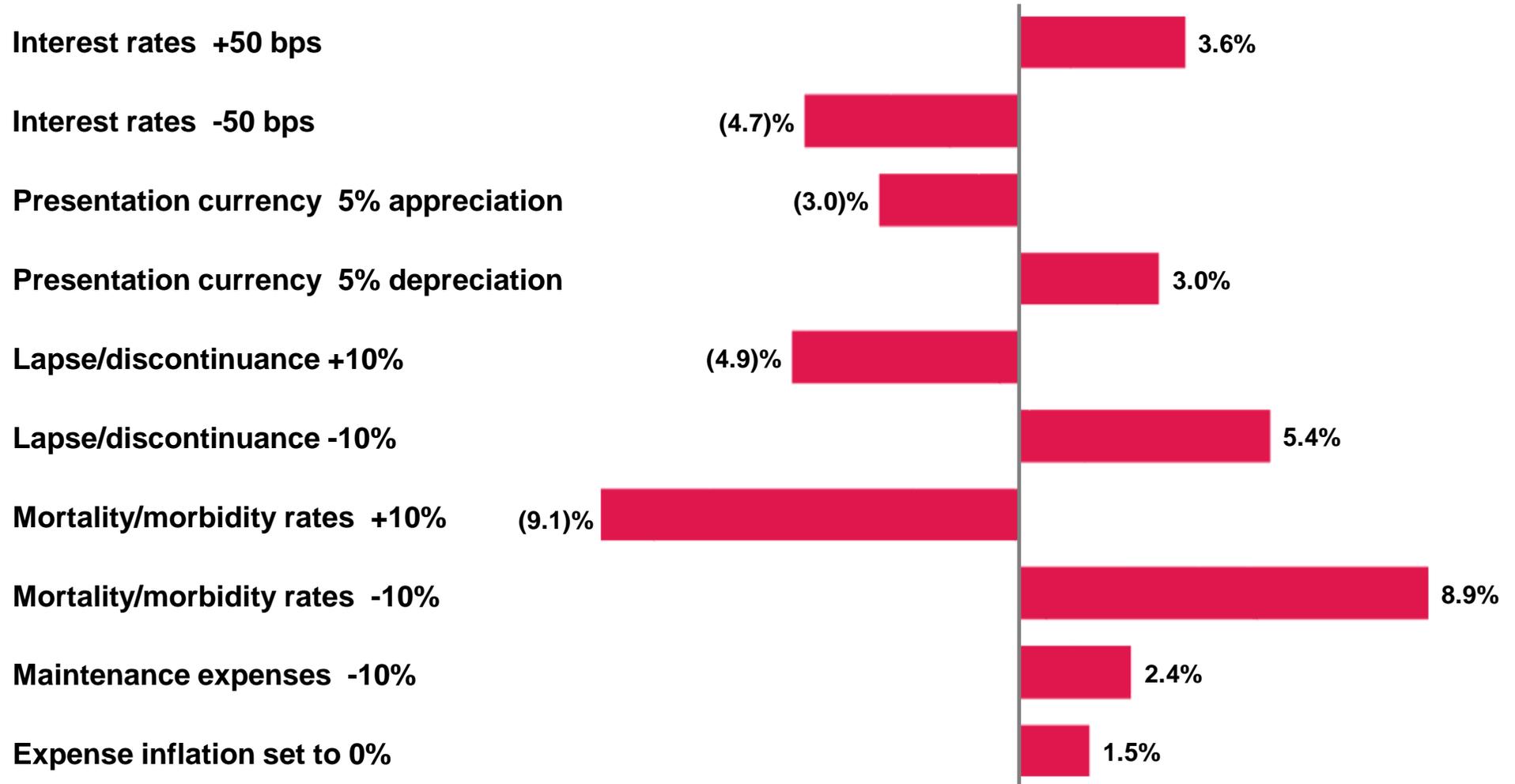
Sensitivity of EV as at 31 December 2018



Sensitivity Analysis – VONB



Sensitivity of VONB for the twelve months ended 31 December 2018

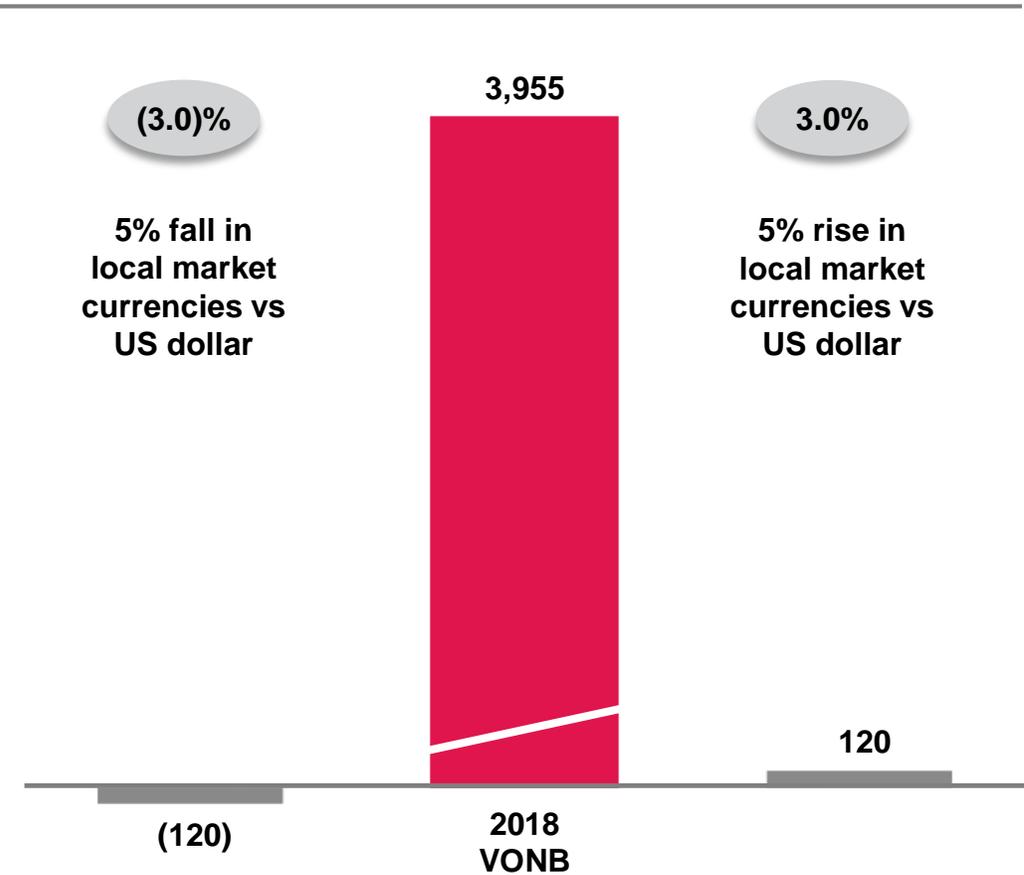
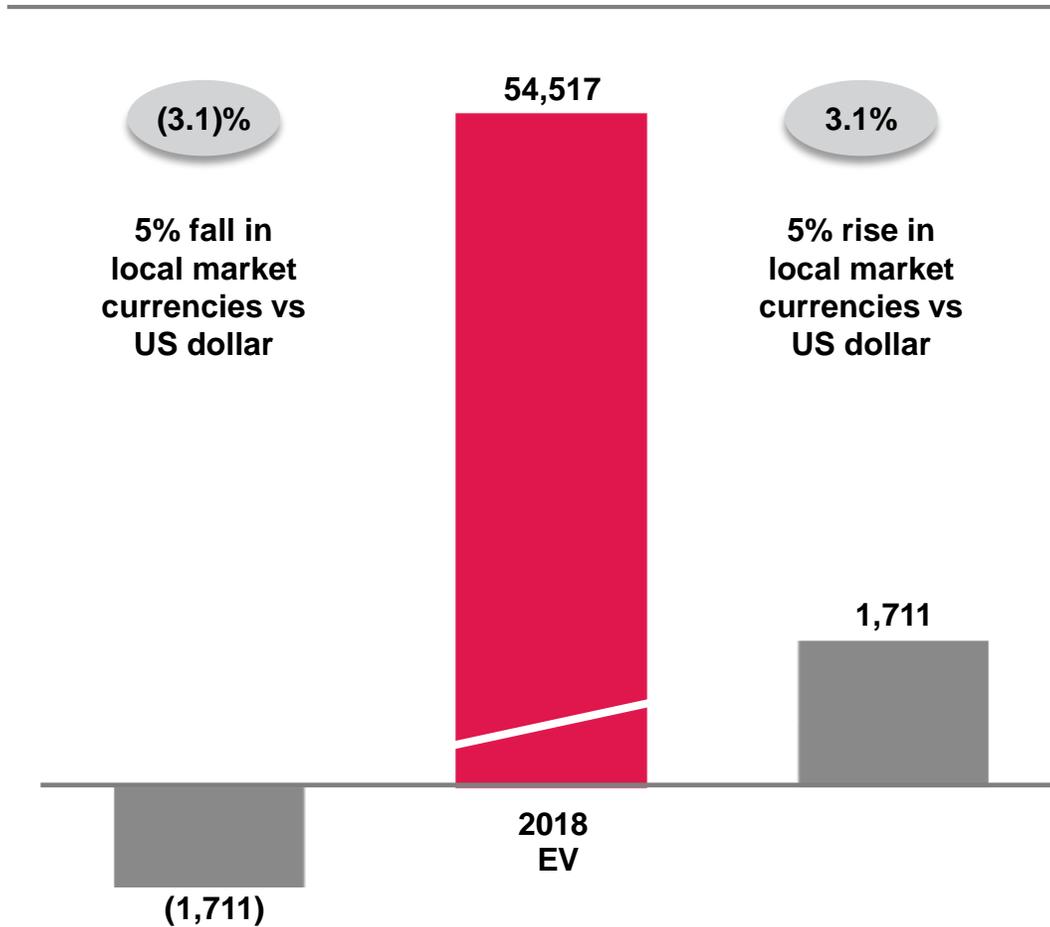


Currency Sensitivity



EV (\$m)

VONB (\$m)



Note:
The currency sensitivities shown assume a constant Hong Kong dollar to US dollar exchange rate